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# A BILL FOR AN ACT

RELATING TO EMPLOYEE INCREASE TAX CREDIT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§235- Employee increase tax credit. (a) There shall  
5 be allowed to each taxpayer subject to the tax imposed by this  
6 chapter, an employee increase tax credit for any taxpayer who is  
7 an employer in the state who demonstrates to the department an  
8 increase in the number of the employer's employees over the  
9 prior taxable year. The credit shall be deductible from the  
10 taxpayer's net income tax liability, if any, imposed by this  
11 chapter for the taxable year for which the credit is properly  
12 claimed.

13           (b) The amount of the credit determined under this section  
14 for the taxable year shall be forty per cent of the employee's  
15 wages paid, up to \$ \_\_\_\_\_, for each employee who is employed in  
16 excess of the total number of the taxpayer's employees during  
17 the prior taxable year, and who is retained for at least



1 eighteen hundred hours by the employer in the taxable year for  
2 which the credit is claimed.

3 (c) The credit allowed under this section shall be claimed  
4 against net income tax liability for the taxable year in which  
5 the increase in employees that is the basis of the credit  
6 occurs. A tax credit under this section that exceeds the  
7 taxpayer's income tax liability may be used as a credit against  
8 the taxpayer's income tax liability in subsequent years until  
9 exhausted.

10 (d) Every claim for tax credit under this section,  
11 including an amended claim, shall be filed on or before the end  
12 of the twelfth month following the close of the taxable year for  
13 which the credit may be claimed. Failure to comply with the  
14 foregoing provision shall constitute a waiver of the right to  
15 claim the credit.

16 (e) The director of taxation may adopt any rules under  
17 chapter 91 and prescribe any forms necessary to carry out this  
18 section."

19 SECTION 2. New statutory material is underscored.

20 SECTION 3. This Act shall take effect on July 1, 2112, and  
21 shall apply to taxable years beginning after December 31, 2009.



**Report Title:**

Employee Increase Tax Credit

**Description:**

Provides maximum tax credit of \$            for an employer that increases employee count over the prior taxable year. (HB1309 HD1)

