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# A BILL FOR AN ACT

RELATING TO TAXATION.

**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-           United States Department of Defense contractors  
5 tax credit; local hire. (a) There shall be allowed to each  
6 qualified taxpayer, a United States Department of Defense  
7 contractors tax credit that shall be deductible from the  
8 taxpayer's net income tax liability, if any, imposed by this  
9 chapter for the taxable year in which the tax credit is properly  
10 claimed.  
11           (b) As used in this section, "qualified taxpayer" means a  
12 United States Department of Defense contractor who:  
13           (1) Is a qualified high technology business;  
14           (2) Is conducting qualified research;  
15           (3) Has hired a person who has resided in the state for at  
16           least twelve consecutive months previous to the  
17           hiring; and



1       (4) Is in compliance with all applicable federal, state,  
2               and county statutes, ordinances, rules, and  
3               regulations.

4       For the purposes of this section, "qualified high technology  
5       business" and "qualified research" have the same meaning as  
6       defined in section 235-110.9.

7       (c) The tax credit shall be equal to \$       per person  
8       hired by the qualified taxpayer in the year in which the tax  
9       credit is properly claimed.

10       (d) If the tax credit under this section exceeds the  
11       taxpayer's net income tax liability, the amount of the excess  
12       may be used as a credit against the taxpayer's income tax  
13       liability in subsequent years until exhausted; provided that no  
14       refund or payment on account of the tax credit allowed by this  
15       section shall be made for amounts less than \$1.

16       (e) Every claim, including amended claims, for the tax  
17       credit under this section shall be filed on or before the end of  
18       the twelfth month following the close of the taxable year for  
19       which the tax credit may be claimed. Failure to meet the filing  
20       requirements of this subsection shall constitute a waiver of the  
21       right to claim the tax credit.

22       (f) The director of taxation may:



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- 2       (1) Prepare forms as necessary to claim a tax credit under
- 3       this section;
- 4       (2) Require proof of the claim for the tax credit; and
- 5       (3) Adopt rules pursuant to chapter 91 to effectuate the
- 6       purposes of this section."

7       SECTION 2. New statutory material is underscored.

8       SECTION 3. This Act shall take effect on July 1, 2112, and

9 shall apply to taxable years beginning after December 31, 2008.



**Report Title:**

Tax Credit; High Technology; Department of Defense

**Description:**

Provides a tax credit to Department of Defense high technology contractors that hire workers who are residents of Hawaii.  
(HB477 HD1)

