
A BILL FOR AN ACT

RELATING TO THE STATE WORK OPPORTUNITY 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- Hawaii work opportunity tax credit. (a) Each
5 individual and corporate resident taxpayer subject to the tax
6 imposed by this chapter, who is an employer as defined in this
7 section and who files an individual or corporate net income tax
8 return for a taxable year, regardless of adjusted gross income,
9 may claim a Hawaii work opportunity tax credit against the
10 taxpayer's individual or corporate net income tax liability for
11 the taxable year in which the credit is claimed and for which
12 the income tax return is being filed. The tax credit under this
13 section may be claimed only once in the taxable year, regardless
14 of the number of owners or the number of partners or corporate
15 officers, by any employer who employs any of the following
16 individuals:

17 (1) A long-term recipient of temporary assistance for
18 needy families benefits who:



- 1 (A) Received assistance for at least eighteen
2 consecutive months ending on the hiring date;
- 3 (B) Received temporary assistance for needy families
4 payments for any eighteen months, regardless of
5 whether consecutive, beginning after August 5,
6 1997, and the earliest eighteen-month period
7 beginning after August 5, 1997, ended during the
8 past two years; or
- 9 (C) Stopped being eligible for temporary assistance
10 for needy families payments during the past two
11 years because federal or state law limited the
12 maximum time those payments could be made;
- 13 (2) A qualified recipient of temporary assistance for
14 needy families who is a member of a family that is
15 receiving or recently received benefits for any nine-
16 month period during the eighteen-month period ending
17 on the hiring date;
- 18 (3) A qualified recipient who has attained age eighteen
19 but is under age forty on the hiring date and who is a
20 member of a family that received supplemental
21 nutrition assistance program benefits for the past six



1 months, or received such benefits for at least three
2 of the past five months;

3 (4) A designated community resident who is an individual
4 who has attained age eighteen but is under age forty
5 on the hiring date and who resides in a federal
6 empowerment zone, renewal community, or rural renewal
7 county;

8 (5) A qualified summer youth age sixteen to seventeen who
9 resides in an empowerment zone, enterprise community,
10 or renewal community;

11 (6) A qualified veteran receiving supplemental nutrition
12 assistance program benefits or a qualified veteran
13 with a service-connected disability who:

14 (A) Has a hiring date that is not more than one year
15 after having been discharged or released from
16 active duty; or

17 (B) Has an aggregate period of unemployment during
18 the one-year period ending on the hiring date
19 that equals or exceeds six months;

20 (7) A vocational rehabilitation referral, including ticket
21 holders with an individual work plan developed and
22 implemented by an employment network;



- 1 (8) An ex-felon hired no later than one year after
2 conviction or release from prison; or
- 3 (9) A qualified recipient of supplemental security income
4 benefits for any month ending during the past sixty-
5 day period ending on the hire date.
- 6 (b) The amount of the tax credit shall be as follows:
- 7 (1) For an individual under subsection (a)(1) who is
8 retained for at least either one hundred eighty days
9 or four hundred hours:
- 10 (A) Forty per cent of the individual's first year
11 wages, up to \$10,000; and
- 12 (B) Fifty per cent of the individual's second year
13 wages, up to \$10,000;
- 14 (2) For an individual under subsection (a)(2), (3), (4),
15 (6), (7), (8), or (9):
- 16 (A) If the individual is retained for at least four
17 hundred hours: forty per cent of the
18 individuals' first year wages, up to \$6,000; and
- 19 (B) If the individual is retained for less than four
20 hundred hours but more than one hundred twenty
21 hours: twenty-five per cent of the individual's
22 first year wages, up to \$6,000; and



1 (3) For an individual under subsection (a)(5), forty per
2 cent of the individual's wages; provided that the
3 maximum amount of wages to which the credit may be
4 applied shall not exceed \$3,000.

5 (c) All claims, including any amended claims, for tax
6 credits under this section shall be filed on or before the end
7 of the twelfth month following the close of the taxable year for
8 which the credit may be claimed. Failure to comply with the
9 foregoing provision shall constitute a waiver of the right to
10 claim the credit.

11 (d) If the tax credit under this section exceeds the
12 taxpayer's income tax liability for any year that the credit is
13 taken, the excess of the tax credit over liability may be used
14 as a credit against the taxpayer's income tax liability in
15 subsequent years until exhausted.

16 (e) The director of taxation shall prepare any forms that
17 may be necessary to claim a credit under this section. The
18 director may also require the taxpayer to furnish information to
19 ascertain the validity of the claims for credits made under this
20 section and may adopt rules necessary to effectuate the purposes
21 of this section pursuant to chapter 91.

22 (f) For the purposes of this section, "employer":



1 (1) Means any individual or type of organization,
2 including any partnership, association, trust, estate,
3 joint stock company, insurance company, or
4 corporation, whether domestic or foreign, a debtor in
5 possession or receiver or trustee in bankruptcy, or
6 the legal representative of a deceased person, who has
7 one or more regular employees in the employer's
8 employment.

9 (2) Does not include:

10 (A) The State, any of its political subdivisions, or
11 any instrumentality of the State or its political
12 subdivisions;

13 (B) The United States government or any
14 instrumentality of the United States;

15 (C) Any other state or its political subdivisions or
16 instrumentality of a state or its political
17 subdivisions;

18 (D) Any foreign government or instrumentality wholly
19 owned by a foreign government, if:

20 (i) The service performed in its employ is of a
21 character similar to that performed in
22 foreign countries by employees of the United



1 States government or of an instrumentality
2 thereof; and
3 (ii) The United States Secretary of State has
4 certified or certifies to the United States
5 Secretary of the Treasury that the foreign
6 government, with respect to whose
7 instrumentality exemption is claimed, grants
8 an equivalent exemption with respect to
9 similar service performed in the foreign
10 country by employees of the United States
11 government and of instrumentalities
12 thereof."

13 SECTION 2. New statutory material is underscored.

14 SECTION 3. This Act shall take effect upon its approval
15 and shall apply to taxable years beginning after December 31,
16 2008.

17

INTRODUCED BY:

Edwin K. Ay
BY REQUEST

JAN 28 2009



Report Title:

Hawaii Work Opportunity Tax Credit

Description:

Creates a Hawaii work opportunity tax credit of varying amounts for employers who hire any of 9 categories of individuals, paralleling the federal work opportunity tax credit.

