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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-       Employment of national guard member; income tax  
5 credit. (a) There shall be allowed to each qualified taxpayer  
6 subject to the tax imposed by this chapter, an employment of  
7 national guard member income tax credit for each qualified  
8 employee of the qualified taxpayer.

9           The amount of the credit shall be equal to       per cent  
10 of a qualified employee's salary or wage costs paid or incurred  
11 by the qualified taxpayer during the taxable year; provided that  
12 the maximum credit claimed against the taxpayer's gross income  
13 tax liability for a taxable year shall be \$       per qualified  
14 employee.

15           The tax credit may be applied against the qualified  
16 taxpayer's gross income tax liability for each taxable year that  
17 the taxpayer employs a qualified employee.



1        (b) No tax credit or tax deduction shall be allowed under  
2 any other provision of this chapter for any amount for which a  
3 credit is allowed under this section.

4        (c) If the tax credit claimed by the qualified taxpayer  
5 under this section exceeds the amount of the income tax payments  
6 due from the taxpayer, the excess of credit over payments due  
7 shall be refunded to the taxpayer; provided that the tax credit  
8 properly claimed by a qualified taxpayer who has no income tax  
9 liability shall be paid to the taxpayer; and provided further  
10 that no refund or payment on account of the tax credit allowed  
11 by this section shall be made for amounts less than \$1.

12        (d) The director of taxation shall prepare forms as may be  
13 necessary to claim a credit under this section. The director of  
14 taxation may:

- 15        (1) Require proof of the claim for the tax credit; and  
16        (2) Adopt rules pursuant to chapter 91 to effectuate the  
17        purposes of this section.

18        (e) Claims for the tax credit under this section,  
19 including any amended claims, shall be filed on or before the  
20 end of the twelfth month following the taxable year for which  
21 the credit may be claimed. Failure to comply with the foregoing



1 provisions shall constitute a waiver of the right to claim the  
2 credit.

3 (f) For the purposes of this section:

4 "Qualified employee" means an employee who is a resident of  
5 the State and a member of the Hawaii national guard mobilized  
6 into active federal service and deployed during the taxable year  
7 in which the credit under this section is being claimed.

8 "Qualified taxpayer" means a taxpayer who:

9 (1) Employs a qualified employee; and

10 (2) Pays the qualified employee the differential between  
11 the deployed employee's military pay and allowances,  
12 and the employee's civilian pay if the latter is  
13 higher.

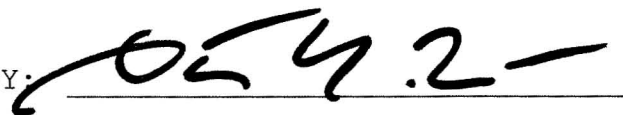
14 A qualified taxpayer is not a county, the State, or the federal  
15 government."

16 SECTION 2. New statutory material is underscored.

17 SECTION 3. This Act shall take effect upon approval and  
18 shall apply to taxable years beginning after December 31, 2008.

19

INTRODUCED BY:



JAN 23 2009



**Report Title:**

Tax Credit; Employment of National Guard

**Description:**

Establishes a refundable income tax credit for Hawaii employers who employ members of the Hawaii national guard who are mobilized into active federal service and deployed, and who pay the employee the differential between the employee's military pay and allowances and the employee's civilian pay, if the latter is higher.

