
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- Department of defense contractors tax credit;
5 local hire. (a) There shall be allowed to each qualified
6 taxpayer, a United States Department of Defense contractors tax
7 credit that shall be deductible from the taxpayer's net income
8 tax liability imposed by this chapter for the taxable year in
9 which the tax credit is properly claimed.

10 (b) A qualified taxpayer is a department of defense
11 contractor who:

12 (1) Is in a qualified high technology business
13 conducting qualified research. For the purposes
14 of this section, "qualified high technology
15 business" and "qualified research" have the same
16 meaning as defined in section 235-110.9;



1 (2) Has hired a person who has resided in the State
2 for at least twelve consecutive months previous
3 to the hiring; and

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

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 claimed in subsequent years until exhausted; provided
13 that no refund or payment on account of the tax credit allowed
14 by this section shall be made for amounts less than \$1.

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

21 (f) The direction of taxation:

22



- 1 (1) Shall prepare forms as may be necessary to claim
- 2 a tax credit under this section;
- 3 (2) May require proof of the claim for the tax
- 4 credit; and
- 5 (3) May adopt rules pursuant to chapter 91 to
- 6 effectuate the purposes of this section."

7 SECTION 2. New statutory material is underscored.

8 SECTION 3. This Act shall take effect upon its approval
9 and shall apply to taxable years beginning after December 31,
10 2008.

INTRODUCED BY:

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JAN 23 2009

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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 the State.

