
A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1 SECTION 1. United States healthcare spending in 2009
2 consumed 17.3 per cent of the gross domestic product which
3 surpassed the rise in the general rate of inflation. Much of
4 the cost of health care is used to treat obesity, diabetes, and
5 heart disease, which are often caused or exacerbated by poor
6 lifestyle choices.

7 These preventable conditions are increasing. For example,
8 obesity in Hawaii has risen from twelve per cent in 1996 to
9 almost double that amount, twenty-three per cent, in 2009. Poor
10 lifestyle choices, such as high fat diets and lack of exercise,
11 contribute to loss of lifetime expectancy from five to seven
12 years. In addition, poor lifestyle leads to an eighty-two per
13 cent increase in heart disease and a ninety-one per cent
14 increase in diabetes.

15 Employers can help their employees make better lifestyle
16 choices by establishing wellness programs that seek to maintain
17 and promote good health rather than correct poor health. From
18 the perspective of employers, wellness programs can reduce



1 health care costs, reduce absenteeism, and improve employee
2 retention.

3 Successful wellness programs provide resources that are
4 convenient to employees, offer them attractive incentives, and
5 focus on helping them feel better rather than just looking
6 better. Wellness programs provide consistent education about
7 healthy lifestyles and often use social forces present in
8 natural groups at the workplace to encourage them.

9 Wellness programs at some businesses have resulted in
10 walking clubs at lunchtime. Educational and skills training
11 activities can be promoted in short videos that play during
12 break or lunch times at the work-site locations. Vending
13 machine changes that include healthier choices can be led by an
14 employee workgroup that can involve participation from other
15 associates in choosing items to replace candy and high fat
16 snacks.

17 The purpose of this Act is to encourage businesses to
18 create wellness programs for their employees by creating a tax
19 credit. This tax credit will supplement discounts for health
20 care insurance that will be offered under federal health care
21 reform to businesses with wellness programs.



1 SECTION 2. 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- Wellness program tax credit. (a) There shall be
5 allowed to any corporate, partnership, or limited liability
6 company taxpayer a qualified wellness program tax credit that
7 shall be deductible from the taxpayer's net income tax liability
8 imposed by this chapter for the taxable year in which the tax
9 credit is properly claimed.

10 (b) For the purposes of this section:

11 "Qualified costs" means the expenses incurred in
12 establishing and developing a qualified wellness program.

13 "Qualified wellness program" means a program offered by an
14 employer to all employees that includes the following
15 components:

16 (1) Health awareness, such as health education, preventive
17 screenings, and health risk assessment;

18 (2) Employee engagement mechanisms that encourage employee
19 participation;

20 (3) Behavioral change elements that have been proven to
21 help improve unhealthy lifestyles, such as counseling,



1 seminars, on-line programs, and self-help materials;

2 and

3 (4) A supportive environment, such as creating on-site
4 policies that encourage healthy lifestyles, healthy
5 eating, physical activity, and mental health.

6 In addition, each employer shall provide evidence that employees
7 have participated in the qualified wellness program.

8 (c) To qualify for the tax credit, the taxpayer shall be
9 in compliance with all applicable federal, state, and county
10 statutes, rules, and regulations.

11 (d) The tax credit shall be equal to ten per cent of the
12 qualified costs related to providing qualified wellness programs
13 to employees.

14 (e) If the tax credit under this section exceeds the
15 taxpayer's net income tax liability, the amount of the excess
16 tax credit over payments due shall be refunded to the eligible
17 taxpayer.

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



1 requirements of this subsection shall constitute a waiver of the
2 right to claim the tax credit.

3 (g) No taxpayer shall claim a credit under this chapter
4 for the qualified costs used to properly claim a tax credit
5 under this section for the taxable year.

6 (h) The director of taxation:

7 (1) Shall prepare forms as may be necessary to claim the
8 tax credit under this section;

9 (2) May require the taxpayer to furnish information to
10 ascertain the validity of the claim for the tax
11 credit; and

12 (3) May adopt rules pursuant to chapter 91 to effectuate
13 the purposes of this section."

14 SECTION 3. New statutory material is underscored.

15 SECTION 4. This Act shall take effect upon its approval;
16 provided that this Act shall apply to taxable years beginning
17 after December 31, 2010.

18

INTRODUCED BY:

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(By Request)

JAN 21 2011



Report Title:

Health; Tax Credits

Description:

Creates a tax credit for certain employers who offer their employees a qualified wellness program.

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