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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-       Income tax credit for hiring an individual with  
5 a disability. (a) There shall be allowed to each taxpayer  
6 subject to the tax imposed by this chapter, a credit for the  
7 hiring of an individual with a disability that shall be  
8 deductible from the taxpayer's net income tax liability, if any,  
9 imposed by this chapter for the taxable year in which the credit  
10 is properly claimed.  
11           (b) The amount of the credit shall be equal to fifty per  
12 cent of the qualified wages for the first six months after an  
13 individual with a disability is hired. A tax credit that  
14 exceeds the taxpayer's income tax liability may be used as a  
15 credit against the taxpayer's income tax liability in subsequent  
16 years until exhausted; provided that in no taxable year shall  
17 the total amount of the tax credit claimed under this section  
18 exceed \$           per taxpayer.



1        (c) Certification of an individual with a disability for  
2 the purpose of claiming a credit under this section shall be  
3 submitted to the department of taxation on forms prescribed by  
4 the department of taxation.

5        (d) An individual shall not be treated as an individual  
6 with a disability unless, on or before the day on which the  
7 individual begins work for the employer, the employer has  
8 received certification from a qualified physician. If an  
9 individual has been certified as an individual with a disability  
10 and the certification is incorrect because it was based on false  
11 information provided by the individual, the certification shall  
12 be revoked and wages paid by the employer after the date on  
13 which notice of revocation is received by the employer shall not  
14 be treated as qualified wages.

15        In any request for a certification of an individual as an  
16 individual with a disability, the employer shall certify that a  
17 good faith effort was made to determine that such individual is  
18 an individual with a disability.

19        (e) The following wages paid to an individual with a  
20 disability are ineligible to be claimed by the employer for this  
21 credit:



- 1        (1) No wages shall be taken into account under this  
2        section with respect to an individual with a  
3        disability who:
- 4        (A) Bears any of the relationships described in  
5        section 152(a)(1) to (8) of the Internal Revenue  
6        Code to the taxpayer, or, if the taxpayer is a  
7        corporation, to an individual who owns, directly  
8        or indirectly, more than fifty per cent in value  
9        of the outstanding stock of the corporation  
10       (determined with the application of section  
11       267(c) of the Internal Revenue Code);
- 12       (B) If the taxpayer is an estate or trust, is a  
13       grantor, beneficiary, or fiduciary of the estate  
14       or trust, or is an individual who bears any of  
15       the relationships described in section 152(a)(1)  
16       to (8) of the Internal Revenue Code to a grantor,  
17       beneficiary, or fiduciary of the estate or trust;  
18       or
- 19       (C) Is a dependent (described in section 152(a)(9) of  
20       the Internal Revenue Code) of the taxpayer, or,  
21       if the taxpayer is a corporation, of an  
22       individual described in subparagraph (A), or, if



1                   the taxpayer is an estate or trust, of a grantor,  
2                   beneficiary, or fiduciary of the estate or trust.

3           (2) No wages shall be taken into account under this  
4           section with respect to any individual with a  
5           disability if, prior to the day the individual is  
6           hired by the employer, the individual had been  
7           employed by the employer at any time.

8           (f) In the case of a successor employer referred to in  
9           section 3306(b)(1) of the Internal Revenue Code, the  
10           determination of the amount of the tax credit allowable under  
11           this section with respect to wages paid by the successor  
12           employer shall be made in the same manner as if the wages were  
13           paid by the predecessor employer referred to in the section.

14           (g) Claims for the tax credit under this section,  
15           including any amended claims, shall be filed on or before the  
16           end of the twelfth month following the taxable year for which  
17           the credit may be claimed. Failure to comply with the foregoing  
18           provision shall constitute a waiver of the right to claim the  
19           tax credit.

20           (h) The director of taxation:

21           (1) Shall prepare any forms necessary to claim a credit  
22           under this section;



1           (2) May require a taxpayer to furnish reasonable  
2           information to ascertain the validity of a claim for  
3           credit; and

4           (3) May adopt rules pursuant to chapter 91 to effectuate  
5           the purposes of this section.

6           (i) For purposes of this section:

7           "Individual with a disability" means an individual having a  
8           physical or intellectual impairment that substantially limits  
9           one or more major life activities, having a record of that  
10          impairment, or being regarded as having that impairment;  
11          provided that the disabling impairment is certified by a  
12          qualified physician.

13          "Qualified physician" means:

14          (1) A physician or osteopathic physician licensed under  
15          chapter 453;

16          (2) A qualified out-of-state physician who is currently  
17          licensed to practice in the state in which the  
18          physician resides; or

19          (3) A commissioned medical officer in the United States  
20          Army, Navy, Marine Corps, or Public Health Service,  
21          engaged in the discharge of one's official duty.



1 "Qualified wages" means wages attributable to work rendered  
2 by an individual with a disability for the six-month period  
3 after the individual is initially hired.

4 "Wages" means wages, commissions, fees, salaries, bonuses,  
5 and every and all other kinds of remuneration for, or  
6 compensation attributable to, services performed by an employee  
7 for the employee's employer, including the cash value of all  
8 remuneration paid in any medium other than cash and the cost-of-  
9 living allowances and other payments included in gross income by  
10 section 235-7(b), but excluding income excluded from gross  
11 income by section 235-7 or other provisions of this chapter."

12 SECTION 2. New statutory material is underscored.

13 SECTION 3. This Act, upon its approval, shall apply to  
14 taxable years beginning after December 31, 2014..  
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INTRODUCED BY:

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JAN 22 2014



# H.B. NO. 2478

**Report Title:**

Individual with a Disability; Employment; Income Tax Credit

**Description:**

Provides a taxpayer who hires an individual with a disability a nonrefundable tax credit for the six-month period the individual is initially hired by the taxpayer.

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