

JAN 17 2014

A BILL FOR AN ACT

RELATING TO WORK SITE WELLNESS.

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

1 SECTION 1. United States health care spending neared
2 \$2,600,000,000,000 in 2010, over ten times the amount spent in
3 1980. Much of the cost of health care is used to treat obesity,
4 diabetes, and heart disease, which are often caused or
5 exacerbated by poor lifestyle choices. The prevalence of such
6 preventable chronic diseases is increasing. For example,
7 obesity in Hawaii has more than doubled between 1995 and 2009,
8 and obesity-related medical expenditures in Hawaii were
9 calculated to be over \$470,000,000 in 2009, and the cost
10 continues to rise.

11 The prevention and management of obesity and other chronic
12 diseases are major components of health care reform. The work
13 site, where the majority of Americans spend significant time, is
14 an ideal setting to address health, well-being, and the
15 prevention of chronic disease. Employers can help their
16 employees make better lifestyle choices by establishing wellness
17 programs that seek to maintain and promote good health. From
18 the employers' perspective, wellness programs can reduce health



1 care costs, reduce absenteeism, and improve employee retention.
2 Recent empirical research validates that health promotion
3 programs at the work site can improve health, save money, and
4 produce a return on investment.

5 The goal of wellness programming is to build wellness and
6 healthy living into the work day by making positive changes in
7 the workplace. Wellness programs involve changes to the work
8 environment, policies, and employee activities that build
9 healthy habits. For example, employers can make healthy food
10 and beverages available by providing healthy options in dining
11 facilities, at meetings and conferences, and in vending machines
12 located in the workplace. Employees may be given time to
13 participate in health risk assessments and ensuing wellness and
14 disease management programs that are part of employer-provided
15 health plans. Employers can support employees biking or walking
16 to and from the workplace, or encourage walk-and-talk meetings
17 instead of sitting meetings. Adopting policies and practices
18 such as these can help change the social norms in work sites.
19 Healthy activities and educational sessions can also be extended
20 to employees' families and to retirees. All of these things can
21 contribute to a healthier and more productive workforce, and can
22 help to reduce health care costs.



1 The purpose of this Act is to encourage employers to create
2 comprehensive wellness programs for their employees by creating
3 a tax credit and by providing criteria, training, and technical
4 assistance to assist employers with creating wellness programs.
5 This Act can assist businesses throughout the State who will be
6 offered technical assistance and training on how to develop,
7 enhance, and sustain a successful wellness program.

8 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§235- Wellness program tax credit. (a) There shall be
12 allowed to each taxpayer subject to the taxes imposed by this
13 chapter, an income tax credit which shall be deductible from the
14 taxpayer's net income tax liability, if any, imposed by this
15 chapter for the taxable year in which the credit is properly
16 claimed. In the case of a partnership, S corporation, estate,
17 or trust, the tax credit allowable is for qualified costs
18 incurred by the entity for the taxable year. The cost upon
19 which the tax credit is computed shall be determined at the
20 entity level. Distribution and share of the credit shall be
21 determined by rule.

22 (b) For the purposes of this section:



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

3 "Qualified wellness program" means a wellness program
4 offered by an employer to all employees that receives a
5 certification for meeting the wellness program criteria from the
6 department of health.

7 "Wellness program" means an employer-provided program that
8 consists of the following components:

9 (1) Health-risk assessment;

10 (2) Behavioral-change support; and

11 (3) Supportive work environment.

12 (c) The director of health shall adopt rules pursuant to
13 chapter 91 that shall determine the criteria for eligibility for
14 the credit. The rules shall require proof of using a qualified
15 wellness program. The department of health shall issue a
16 certification to the taxpayer after the taxpayer submits
17 documentation as required by the department of health. Such
18 certification shall be acceptable as proof of the qualified
19 costs related to the implementation of a qualified wellness
20 program for the purposes of the credit allowed under this
21 section.



1 (d) The department of health, in consultation with the
2 department of taxation, shall provide a certificate of approval
3 to qualified wellness programs implemented by employers. In
4 developing criteria for a wellness program certificate of
5 approval, the department of health shall consider:

- 6 (1) Whether the wellness program provides new or
7 innovative services;
- 8 (2) Participation rate by employees;
- 9 (3) Quality of the health education being provided;
- 10 (4) Whether the program promotes health screenings and
11 other preventive health care measures; and
- 12 (5) Whether the program promotes a healthy workplace
13 environment.

14 (e) The director of health, in consultation with the
15 director of taxation, shall create a form that indicates an
16 employer is using a qualified wellness program.

17 (f) The tax credit shall be equal to fifty per cent of the
18 qualified costs paid or incurred by the employer in connection
19 with a qualified wellness program, subject to the following:

- 20 (1) The costs included in the wellness program credit
21 computation related to fees paid by the employer for

1 physical fitness programs shall not exceed \$30 per
2 month per qualified employee;

3 (2) The total credit allowed for an employer in any
4 taxable year shall not exceed the product of \$100 and
5 the monthly average of the number of qualified
6 employees of the employer;

7 (3) Costs paid or incurred by an employer for health
8 insurance shall not be taken into account when
9 calculating the costs included in the wellness program
10 credit computation;

11 (4) The total amount of credit claimed on returns filed by
12 all employers in the State's fiscal year shall not
13 exceed the annual wellness program credit cap. If the
14 total amount of credit claimed on returns filed by all
15 employers in the State's fiscal year exceeds the
16 wellness program credit annual cap, the credit shall
17 be allowed to employers based on the date of
18 certification by the department of health on a first
19 come, first served basis. Any employer who is
20 certified by the department of health in a fiscal year
21 and who does not receive the wellness program credit
22 because the annual credit cap has been exceeded for



1 that fiscal year shall receive priority for the credit
2 in the following fiscal year before employers
3 receiving certification in that fiscal year; and

4 (5) The annual wellness program credit cap shall be
5 determined by the director of taxation for each year
6 from January 1 to December 31 beginning in 2015 and
7 ending on December 31, 2020.

8 (g) If the tax credit under this section exceeds the
9 taxpayer's net income tax liability, the amount of the excess
10 tax credit over payments due shall be refunded to the eligible
11 taxpayer.

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

18 (i) No taxpayer shall claim any other credit under this
19 chapter for the same qualified costs used to properly claim a
20 tax credit under this section for the taxable year.

21 (j) The director of taxation:



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

3 (2) Shall require the taxpayer to furnish certification
4 designated by the department of health to ascertain
5 the validity of the claim for the tax credit; and

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

8 (k) This section shall not apply to any amount paid or
9 incurred before January 1, 2015, or after December 31, 2020."

10 SECTION 3. The department of health shall provide to
11 private employers and state and county agencies, training and
12 technical assistance based on the established criteria and
13 certification for wellness programs.

14 SECTION 4. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$ or so
16 much thereof as may be necessary for fiscal year 2014-2015 to:

17 (1) Develop criteria and certification for the wellness
18 program certificate of approval;

19 (2) Develop work site wellness tools and training
20 materials for public and private employers; and

21 (3) Provide training and technical assistance to public
22 and private employers.



1 The sum appropriated shall be expended by the department of
2 health for the purposes of this Act.

3 SECTION 5. New statutory material is underscored.

4 SECTION 6. This Act shall take effect upon its approval;
5 provided that this Act shall apply to taxable years beginning
6 after December 31, 2014, but not after December 31, 2020.

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S.B. NO. 2524

Report Title:

Work Site Wellness; Tax Incentive

Description:

Creates tax incentive for employers that implement work site wellness programs. Requires the department of health to establish eligibility criteria for the wellness program tax credit. Requires the department of health to provide training and technical assistance to employers creating wellness programs.

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