

STAND. COM. REP. NO. 2974

Honolulu, Hawaii

MAR 20 2014

RE: H.B. No. 2478
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Human Services, to which was referred H.B. No. 2478, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to encourage employers to hire individuals with disabilities by providing taxpayers who hire an individual with a disability a nonrefundable tax credit for the six-month period after the individual is initially hired.

Your Committee received testimony in support of this measure from the State Council on Developmental Disabilities, Hawaii Disability Rights Center, The Arc in Hawaii, and one individual. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Taxation, Department of Human Services, and Tax Foundation of Hawaii.

Your Committee finds that employing individuals with intellectual and developmental disabilities serves to improve the individuals' economic self-sufficiency, allow them to contribute to the community as tax-paying citizens, and provide them with the opportunity to establish relationships and social networks. Your Committee believes it is important to encourage employment of individuals with disabilities because their unemployment rate far surpasses the overall unemployment rate nationwide. Your



Committee received testimony on this measure expressing concern that the tax credit is somewhat duplicative of existing statute that creates a tax credit for hiring vocational rehabilitation referrals. Concern was also raised that this measure allows an employer to claim both a deduction and a tax credit for the same amount of wages expended.

Accordingly, your Committee has amended this measure by:

- (1) Inserting language that prohibits a taxpayer from using the same wages paid to an individual with a disability for both a deduction and a tax credit;
- (2) Repealing section 235-55.91, Hawaii Revised Statutes, which provides a tax credit for taxpayers who hire vocational rehabilitation referrals; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2478, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2478, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Human Services,


Suzanne Chun Oakland

SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2478, HDI	HMS, WAM	3-11-14		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
GREEN, M.D., Josh (VC)	✓			
KIDANI, Michelle N.				✓
TANIGUCHI, Brian T.	✓			
SLOM, Sam				✓
TOTAL	3	0	0	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes