

Honolulu, Hawaii

APR 04 2014

RE: H.B. No. 2478  
H.D. 1  
S.D. 2

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

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2478, H.D. 1, S.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 the hiring of individuals with disabilities.

More specifically, this measure:

- (1) Establishes a nonrefundable income tax credit equal to fifty per cent of the qualified wages paid to an individual with a disability during the individual's first six months of employment; and
- (2) Repeals the credit for employment of vocational rehabilitation referrals.

Your Committee received written comments in support of this measure from the State Council on Developmental Disabilities. The Department of Human Services, Department of Taxation, and Tax Foundation of Hawaii submitted written comments on the measure.

Your Committee finds that employing individuals with intellectual and developmental disabilities provides them with a means toward achieving economic self-sufficiency, contributing to their communities, and establishing relationships and social



networking. Your Committee believes that this measure will increase employment opportunities for individuals with disabilities and help to meet employers' workforce demands.

Your Committee has amended this measure by:

- (1) Changing the amount of the tax credit to an unspecified amount;
- (2) Clarifying that the tax credit applies to each individual with a disability hired by the taxpayer;
- (3) Clarifying that the cap amount applies to tax credits claimed for all individuals with a disability hired by the taxpayer;
- (4) Disqualifying all wages paid to an individual who is determined to not be an individual with a disability;
- (5) Clarifying that wages that qualify a taxpayer to claim a tax credit under this measure may not be used to claim a deduction;
- (6) Providing that a temporary impairment shall not be considered a disability; and
- (7) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2478, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2478, H.D. 1, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



DAVID Y. ICE, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB2478 HD1 SD1	HMS, WAM	3-28-14		
<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne				✓
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
	12	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
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\*Only one measure per Record of Votes