
A BILL FOR AN ACT

RELATING TO INCOME TAX CREDITS.

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- Telecommuting income tax credit. (a) The income
5 tax credit allowed under this section shall be available for
6 taxable years beginning after December 31, 2014, and shall not
7 be available for taxable years beginning after December 31,
8 2016. Any income tax credit allowed under this section shall be
9 claimed against the taxpayer's net income tax liability, if any,
10 for the taxable year. A properly claimed income tax credit
11 under this section shall allow an employer a state income tax
12 credit for a percentage of eligible telecommute expenses
13 incurred in the calendar years 2015 and 2016. The amount of the
14 credit shall be equal to per cent of the eligible
15 telecommute expenses incurred pursuant to a telecommute
16 agreement requiring the participating employee to telecommute at
17 least twelve days per month.



1 (b) For purposes of the income tax credit under this
2 section, the determination of the employer's taxable year and
3 the employer's eligible telecommute assessment expenses requires
4 that:

5 (1) In addition to the tax credit provided by subsection
6 (a), an employer conducting a telecommute assessment
7 on or after July 1, 2014, shall be allowed a tax
8 credit for the taxable year that is equal to one
9 hundred per cent of the costs for preparing the
10 telecommute assessment, up to a maximum credit of
11 \$20,000 per employer, if the employer implements its
12 formal telecommute program in a taxable year
13 identified in subsection (a). The telecommute
14 assessment costs shall not be eligible for the tax
15 credit if those costs are the subject of another
16 credit claimed by the employer in any tax year. Costs
17 incurred on or after July 1, 2014, and before
18 January 1, 2015, shall be treated as being incurred on
19 January 1, 2015, for purposes of this section. The
20 calculation of the costs incurred under this
21 subsection are intended to include program planning



1 expenses, including direct program development and
2 training costs, raw labor costs, and professional
3 consulting fees; the credit shall not include expenses
4 for which a credit is claimed under any other
5 provision of this chapter. This credit shall be
6 allowed only once per employer; and

7 (2) All telecommute assessments shall meet any standards
8 for eligibility that are adopted by the director of
9 taxation.

10 (c) In no event shall the total amount of any tax credit
11 under this section for a taxable year exceed the employer's net
12 income tax liability. No unused tax credit shall be allowed to
13 be carried forward to apply to the employer's succeeding years'
14 tax liability. No unused tax credit shall be allowed by the
15 employer against prior years' tax liability.

16 (d) The certification of telecommute expenses by the
17 employer, application for tentative approval by the director of
18 taxation, and the annual limits to the income tax credit under
19 this section shall be imposed as follows:

20 (1) An employer seeking to claim a tax credit provided for
21 under subsections (a) and (b) shall submit an



1 application to the director of taxation for tentative
2 approval of the tax credit provided for in subsections
3 (a) and (b) between September 1 and October 31 of the
4 year preceding the taxable year for which the tax
5 credit is to be claimed. The director of taxation
6 shall adopt the rules and forms on which the
7 application is to be submitted. Amounts specified on
8 the application shall not be amended by the employer
9 after the application is approved by the director of
10 taxation. The application shall certify that the
11 employer would not have incurred the eligible
12 telecommute expenses stated therein but for the
13 availability of the tax credit. The director of
14 taxation shall review the application and shall
15 tentatively approve the application upon determining
16 that it meets the requirements of this section; and
17 (2) The department of taxation shall notify each employer
18 of the tax credits tentatively approved and allocated
19 to the employer by December 31st of the year in which
20 the application was submitted. Once the tax credit
21 application has been approved and the amount approved



1 has been communicated to the applicant, the employer
2 may make purchases approved for the tax credit at any
3 time during the calendar year following the approval
4 of the application. The employer may then apply the
5 amount of the approved tax credit to its tax liability
6 for the tax year or years for which the approved
7 application applies. If the employer has a tax year
8 other than a calendar year and the calendar year
9 expenses are incurred in more than one taxable year,
10 the credit shall be applied to each taxable year based
11 upon when the expenses were incurred.

12 (e) An employer may claim up to a limit of \$1,200 for each
13 participating employee in a given calendar year to enable a
14 participating employee to begin to telecommute, which expenses
15 are not otherwise the subject of a credit claimed by the
16 employer in any tax year. Eligible telecommute expenses shall
17 include but not be limited to expenses paid or incurred to
18 purchase computers, computer-related hardware and software,
19 modems, data processing equipment, telecommunications equipment,
20 high-speed internet connectivity equipment, computer security
21 software and devices, and all related delivery, installation,



1 and maintenance fees. Eligible telecommute expenses shall not
2 include replacement costs for computers, computer-related
3 hardware and software, modems, data processing equipment,
4 telecommunications equipment, or computer security software and
5 devices at the principal place of business when that equipment
6 is relocated to the telecommute site. These expenses shall not
7 include expenses for which a credit is claimed under any other
8 provision of this chapter. Telecommute expenses may be incurred
9 only once per employee. These expenses may be incurred directly
10 by the employer on behalf of the participating employee or
11 directly by the participating employee and subsequently
12 reimbursed by the employer.

13 (f) The director of taxation shall adopt rules in
14 accordance with chapter 91 that are necessary to implement and
15 administer this section.

16 (g) For purposes of this section, the following terms
17 shall have the following meanings:

18 "Employer" means any employer upon whom an income tax is
19 imposed by this chapter.

20 "Participating employee" means an employee who has entered
21 into a telecommute agreement with the employee's employer on or



1 after July 1, 2014. This term shall not include an individual
2 who is self-employed or an individual who ordinarily spends a
3 majority of the workday at a location other than the employer's
4 principal place of business.

5 "Telecommute" means an alternative work arrangement whereby
6 employees perform the normal duties and responsibilities of
7 their positions through the use of telecommunication devices,
8 either at home or another place apart from the employees' usual
9 place of work.

10 "Telecommute agreement" means an agreement signed by the
11 employer and the participating employee, on or after July 1,
12 2014, that defines the terms of a telecommute arrangement,
13 including the number of days per year the participating employee
14 will telecommute, as provided in subsection (a), in order to
15 qualify for the credit, and any restrictions on the place from
16 which the participating employee will telecommute.

17 "Telecommute assessment" means an optional assessment
18 leading to the development of policies and procedures necessary
19 to implement a formal telecommute program that would qualify the
20 employer for the credit provided in subsection (a), including
21 but not limited to a workforce profile, a telecommute program



1 business case and plan, a detailed accounting of the purpose,
2 goals, and operating procedures of the telecommute program,
3 methodologies for measuring telecommute program activities and
4 success, and a deployment schedule for increasing telecommute
5 activity."

6 SECTION 2. New statutory material is underscored.

7 SECTION 3. This Act shall take effect on January 7, 2059;
8 provided that:

9 (1) The telecommuting income tax credit established in
10 section 1 of this Act, section 235- (a), Hawaii
11 Revised Statutes, shall apply to taxable years
12 beginning after December 31, 2014; and

13 (2) The tax credit allowed for employers conducting a
14 telecommute assessment in section 1 of this Act,
15 section 235- (b), Hawaii Revised Statutes, shall
16 take effect on July 1, 2015.

17



Report Title:

Telecommute; Telework; Income Tax Credit

Description:

Provides income tax credits for employers when their employees telecommute for work and for conducting telecommute assessments. Takes effect on January 7, 2059. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

