

Honolulu, Hawaii
February 17, 2016

RE: H.B. No. 1870
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1870 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to create an income tax credit for businesses that hire individuals with a disability.

The State Council on Developmental Disabilities; Hawaii Restaurant Association; Easter Seals Hawaii; Hale Oluea Clubhouse; Lanakila Pacific; and numerous concerned individuals supported this measure. The Department of Taxation; Tax Foundation of Hawaii; Hawaii Disability Rights Center; and a concerned individual provided comments.

Your Committee has amended this measure by:

- (1) Providing that the wages allowed as the base of the tax credit are not also allowed as a deduction to the employer;
- (2) Clarifying that the Department of Taxation may disqualify wages that were paid to a non-qualified employee without the employer receiving notice that the employee's certification as a person totally disabled was false;



- (3) Clarifying that in the case of a successor employer, only the current employer may claim the credit and that the credit shall not be claimed multiple times for the same employee;
- (4) Removing the definition of "individual with a disability" and replacing all references with "person totally disabled" as it is defined under section 235-1, Hawaii Revised Statutes;
- (5) Making the tax credit apply to taxable years beginning after December 31, 2017; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1870, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1870, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



MARK M. NAKASHIMA, Chair



Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 1870	Committee Referral: LAB, FIN	Date: 2/12/16		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	/			
2. KEOHOKALOLE, Jarrett (VC)	/			
3. AQUINO, Henry J.C.	/			
4. HAR, Sharon E.	/			
5. ICHIYAMA, Linda	/			
6. JOHANSON, Aaron Ling	/			
7. LoPRESTI, Matthew S.				/
8. SAN BUENAVENTURA, Joy A.				/
9. TAKUMI, Roy M.	/			
10. YAMASHITA, Kyle T.	/			
11. TUPOLA, Andria P.L.	/			
TOTAL (11)	9			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align:center; font-size:small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ 				
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