

STAND. COM. REP. NO. 2392

Honolulu, Hawaii

FEB 19 2016

RE: S.B. No. 2219
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committees on Judiciary and Labor and Commerce, Consumer Protection, and Health, to which was referred S.B. No. 2219 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose and intent of this measure is to provide a taxpayer who hires an individual with a disability with a nonrefundable tax credit for fifty percent of the wages of the individual earned during the six-month period after the individual is initially hired by the taxpayer.

Your Committees received testimony in support of this measure from the State Council on Developmental Disabilities, Hawai'i Restaurant Association, and one individual. Your Committees received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committees find that employment of a person who is disabled provides the individual with economic self-sufficiency and allows the person to contribute to the community. Implementation of this measure will increase the employment opportunities for persons who are disabled and support the workforce demands of the private and public sectors.

Your Committees have amended this measure by:



- (1) Clarifying that for wages paid by an employer to a person whose certification as a person totally disabled is incorrect because it was based on false information provided by the person, the employer shall not treat those wages as qualified wages even without receiving notice that the certification has been revoked;
- (2) Inserting language to prohibit a tax deduction for the portion of wages or salaries paid or incurred for the taxable year that is equal to the amount of this proposed tax credit;
- (3) Replacing "individual with a disability" with "person totally disabled", as defined in section 235-1, Hawaii Revised Statutes;
- (4) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees have heard the testimony of the Department of Taxation expressing concerns that the income tax credit proposed by this measure is similar to an existing credit in section 235-55.91, Hawaii Revised Statutes, and that the measure does not address whether the tax credit can be claimed by succeeding employers of the person who is disabled or by subsidiaries of the original employer. Your Committees find these issues raise concerns that merit further consideration and request that your Committee on Ways and Means further examine the issues and concerns raised by the Department of Taxation.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Commerce, Consumer Protection, and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2219, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2219, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Judiciary and
Labor and Commerce, Consumer
Protection, and Health,

Rosalyn H. Baker

ROSALYN H. BAKER, Chair


Gilbert S.C. Keith-Agar

GILBERT S.C. KEITH-AGARAN, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2219	JDL/CPH, WAM	2/12/16		
<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
BAKER, Rosalyn H. (C)	/			
KIDANI, Michelle N. (VC)				/
ESPERO, Will	/			
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.	/			
RUDERMAN, Russell E.				/
SLOM, Sam	/			
TOTAL	5			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes