

JAN 20 2017

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 for employers allowed under this section shall be
6 available for taxable years beginning after December 31, 2016,
7 and shall not be available for taxable years beginning after
8 December 31, 2018. The income tax credit allowed under this
9 section is capped at \$20,000 per employer and shall be claimed
10 against the taxpayer's net income tax liability, if any, for the
11 taxable year. A properly claimed income tax credit under this
12 section shall allow an employer a state income tax credit for a
13 percentage of eligible telecommute expenses incurred in the
14 calendar years 2017 and 2018. The amount of the credit shall be
15 equal to _____ per cent of the eligible telecommute expenses,
16 including assessment expenses, that are incurred pursuant to a



1 telecommute agreement requiring the participating employee to
2 telecommute at least twelve days per month.

3 (b) For purposes of the income tax credit for employers
4 under this section, the employer's eligible telecommute
5 assessment expenses shall be determined in accordance with the
6 following:

7 (1) An employer conducting a telecommute assessment on or
8 after July 1, 2016, shall be eligible to accumulate
9 the assessment expenses toward the tax credit for the
10 taxable year. The telecommute assessment expenses
11 shall not be eligible for the tax credit if those
12 expenses are the subject of another credit claimed by
13 the employer in any tax year. Expenses incurred on or
14 after July 1, 2016, and before January 1, 2017, shall
15 be treated as being incurred on January 1, 2017, for
16 purposes of this section. The calculation of the
17 expenses incurred under this subsection may include
18 program planning expenses, including direct program
19 development and training costs, raw labor costs, and
20 professional consulting fees. This credit shall be
21 allowed only once per employer; and



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

4 (c) In no event shall the total amount of any tax credit
5 under this section for a taxable year exceed the employer's net
6 income tax liability. No unused tax credit shall be carried
7 forward to apply to the employer's succeeding years' tax
8 liability. No unused tax credit shall be allowed by the
9 employer against prior years' tax liability.

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

14 (1) An employer seeking to claim a tax credit provided for
15 under this section shall submit an application to the
16 director of taxation for tentative approval of the tax
17 credit. The director of taxation shall adopt the
18 rules and forms on which the application is to be
19 submitted. Amounts specified on the application shall
20 not be amended by the employer after the application
21 is approved by the director of taxation. The



1 application shall certify that the employer would not
2 have incurred the eligible telecommute expenses stated
3 therein but for the availability of the tax credit.

4 The director of taxation shall review the application
5 and shall tentatively approve the application upon
6 determining that it meets the requirements of this
7 section; and

8 (2) The department of taxation shall notify each employer
9 of the tax credits tentatively approved and allocated
10 to the employer by December 31st of the year in which
11 the application was submitted. The employer may then
12 apply the amount of the approved tax credit to its tax
13 liability for the tax year for which the approved
14 application applies. If the employer has a tax year
15 other than a calendar year and the calendar year
16 expenses are incurred in more than one taxable year,
17 the credit shall be applied to each taxable year based
18 upon when the expenses were incurred.

19 (e) An employer may claim up to \$1,200 for each
20 participating employee in a given calendar year to enable a
21 participating employee to begin to telecommute, which expenses



1 are not otherwise the subject of a credit claimed by the
2 employer in any tax year. Eligible telecommute expenses shall
3 include but not be limited to expenses paid or incurred to
4 purchase computers, computer-related hardware and software,
5 modems, data processing equipment, telecommunications equipment,
6 high-speed internet connectivity equipment, computer security
7 software and devices, and all related delivery, installation,
8 and maintenance fees. Eligible telecommute expenses shall not
9 include replacement costs for computers, computer-related
10 hardware and software, modems, data processing equipment,
11 telecommunications equipment, or computer security software and
12 devices at the principal place of business when that equipment
13 is relocated to the telecommute site. These expenses shall not
14 include expenses for which a credit is claimed under any other
15 provision of this chapter. Telecommute expenses may be incurred
16 only once per employee. These expenses may be incurred directly
17 by the employer on behalf of the participating employee or
18 directly by the participating employee and subsequently
19 reimbursed by the employer.



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

4 (g) For purposes of this section:

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

7 "Participating employee" means an employee who has entered
8 into a telecommute agreement with the employee's employer on or
9 after July 1, 2016. This term shall not include an individual
10 who is self-employed or an individual who ordinarily spends a
11 majority of the workday at a location other than the employer's
12 principal place of business.

13 "Telecommute" means an alternative work arrangement whereby
14 employees perform the normal duties and responsibilities of
15 their positions through the use of telecommunication devices,
16 either at home or another place apart from the employees' usual
17 place of work.

18 "Telecommute agreement" means an agreement signed by the
19 employer and the participating employee, on or after July 1,
20 2016, that defines the terms of a telecommute arrangement,
21 including the number of days per year the participating employee

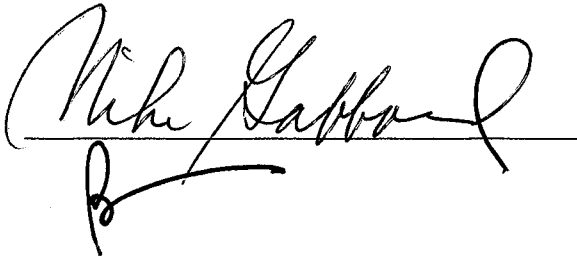



1 will telecommute, subject to subsection (a), in order to qualify
2 for the credit, and any restrictions on the place from which the
3 participating employee will telecommute.

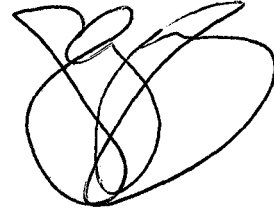
4 "Telecommute assessment" means an optional assessment
5 leading to the development of policies and procedures necessary
6 to implement a formal telecommute program that would qualify the
7 employer for the credit provided in subsection (a), including
8 but not limited to a workforce profile; a telecommute program
9 business case and plan; a detailed accounting of the purpose,
10 goals, and operating procedures of the telecommute program,
11 methodologies for measuring telecommute program activities and
12 success; and a deployment schedule for increasing telecommute
13 activity."

14 SECTION 2. New statutory material is underscored.

15 SECTION 3. This Act shall take effect upon its approval;
16 provided that the telecommuting income tax credit established in
17 section 1 of this Act shall apply to taxable years beginning
18 after December 31, 2016.

19
INTRODUCED BY: 


S.B. NO. 805



S.B. NO. 805

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.

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

