

STAND. COM. REP. NO. **2445**

Honolulu, Hawaii

**FEB 16 2018**

RE: S.B. No. 2163  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committees on Labor and Human Services, to which was referred S.B. No. 2163 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 a nonrefundable tax credit for 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 Rehabilitation Council; State Council on Developmental Disabilities; Hawai'i State Association of Counties; Hawaii Disability Rights Center; Lanakila Pacific; O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i; Kaua'i County Councilmember Derek Kawakami; and one individual. Your Committees received comments on this measure from the Department of Taxation and Tax Foundation Hawaii.

Your Committees find that employment of people with disabilities is key to allowing them to achieve full community integration and financial independence. Your Committees support incentives that encourage greater employment of individuals with disabilities in the State.



Your Committees recommend that, as this measure moves through the legislative process, it should be evaluated as to whether or not expansion or amendment of existing tax incentives, such as those for vocational rehabilitation in section 235-55.91, Hawaii Revised Statutes, is preferable to the creation of a new one, as noted in the testimonies of the Department of Taxation and Tax Foundation of Hawaii.

Your Committees have amended this measure by:

- (1) Replacing references to "individual with a disability" with "person totally disabled", as defined in section 235-1, Hawaii Revised Statutes;
- (2) Stipulating that any amounts upon which any other tax credit or deduction is calculated under chapter 235, Hawaii Revised Statutes, are not qualified wages for purposes of the tax credit;
- (3) Clarifying that the Department of Taxation may disqualify wages that were paid to a non-qualified employee without the employer receiving notice that the certification was based on false information;
- (4) Clarifying that only the final successor employer who employed the person totally disabled during the taxable year may claim the credit and that the credit cannot be claimed multiple times for the same employee; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Labor and Human Services that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2163, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2163, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committees on Labor and Human  
Services,



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JOSH GREEN, Chair



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JILL M. TOKUDA, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Labor**  
**LBR**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2163	LBR/HMS, WAM	2/12/18		
<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
TOKUDA, Jill N. (C)	✓			
ENGLISH, J. Kalani (VC)	✓			
CHANG, Stanley				✓
IHARA, Jr., Les	✓			
TANIGUCHI, Brian T.				✓
<b>TOTAL</b>	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>J. Kalani English</i>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Human Services**  
**HMS**

Bill / Resolution No.:* <div style="font-size: 24px; font-family: cursive;">SB 2163</div>	Committee Referral: <div style="font-size: 24px; font-family: cursive;">LBR/HMS, WAM</div>	Date: <div style="font-size: 24px; font-family: cursive;">2-12-18</div>
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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
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Members	Aye /	Aye (WR)	Nay	Excused
GREEN, Josh (C)	✓			
CHANG, Stanley (VC)				✓
HARIMOTO, Breene	✓			
TOKUDA, Jill N.	✓			
WAKAI, Glenn	✓			
<b>TOTAL</b>	4	0	0	1

Recommendation:  Adopted       Not Adopted

Chair's or Designee's Signature:

**Distribution:**      Original      Yellow      Pink      Goldenrod  
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