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# A BILL FOR AN ACT

RELATING TO TAXATION.

**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 part I to be appropriately  
3 designated and to read as follows:

4           "§235-       Hiring an elderly individual; income tax credit.

5           (a) There shall be allowed to each taxpayer subject to the tax  
6 imposed by this chapter, a credit for the hiring of an elderly  
7 individual that shall be deductible from the taxpayer's net  
8 income tax liability, if any, imposed by this chapter for the  
9 taxable year in which the credit is properly claimed.

10           (b) The amount of the credit shall be equal to fifty per  
11 cent of the qualified wages for the first six months after the  
12 elderly individual is initially hired. A tax credit that  
13 exceeds the taxpayer's income tax liability may be used as a  
14 credit against the taxpayer's income tax liability in subsequent  
15 years until exhausted; provided that in no taxable year shall  
16 the total amount of the tax credit claimed under this section  
17 exceed \$           per taxpayer.



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1        (c) The following wages paid to an elderly individual are  
2 ineligible to be claimed by the taxpayer for this credit:

3        (1) Wages paid to an elderly individual:

4            (A) Who bears to the taxpayer any of the  
5            relationships described in section 152(d)(2)(A)  
6            through (H) of the Internal Revenue Code;

7            (B) If the taxpayer is a corporation and the elderly  
8            individual owns, directly or indirectly, more  
9            than fifty per cent in value of the outstanding  
10           stock of the corporation (determined with the  
11           application of section 267(c) of the Internal  
12           Revenue Code); or

13           (C) If the taxpayer is an estate or trust and the  
14           elderly individual is a grantor, beneficiary, or  
15           fiduciary of the estate or trust, or bears to a  
16           grantor, beneficiary or fiduciary of the estate  
17           or trust any of the relationships described in  
18           section 152(d)(2)(A) through (H) of the Internal  
19           Revenue Code; and

20        (2) Wages paid to any elderly individual if, prior to the  
21        day the individual is hired by the employer, the



1           individual had been employed by the employer at any  
2           time.

3           (d) In the case of a successor employer referred to in  
4           section 3306(b)(1) of the Internal Revenue Code, the  
5           determination of the amount of the tax credit allowable under  
6           this section with respect to wages paid by the successor  
7           employer shall be made in the same manner as if the wages were  
8           paid by the predecessor employer referred to in section  
9           3306(b)(1) of the Internal Revenue Code.

10           (e) Claims for the tax credit under this section,  
11           including any amended claims, shall be filed on or before the  
12           end of the twelfth month following the taxable year for which  
13           the credit may be claimed. Failure to comply with the foregoing  
14           provision shall constitute a waiver of the right to claim the  
15           tax credit.

16           (f) The director of taxation:

17           (1) Shall prepare any forms necessary to claim a credit  
18           under this section;

19           (2) May require a taxpayer to furnish reasonable  
20           information to ascertain the validity of a claim for  
21           credit; and



1       (3) May adopt rules pursuant to chapter 91 to effectuate  
2           the purposes of this section.

3       (g) For purposes of this section:

4       "Elderly individual" means an individual who is sixty-seven  
5 years of age or older.

6       "Qualified wages" means wages attributable to work rendered  
7 by an elderly individual for the six-month period after the  
8 individual is initially hired.

9       "Wages" means wages, commissions, fees, salaries, bonuses,  
10 and all other kinds of remuneration for, or compensation  
11 attributable to, services performed by an employee for the  
12 employee's employer, including the cash value of all  
13 remuneration paid in any medium other than cash and the cost-of-  
14 living allowances and other payments included in gross income by  
15 section 235-7(b), but excluding income excluded from gross  
16 income by section 235-7 or other provisions of this chapter."

17       SECTION 2. New statutory material is underscored.



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1 SECTION 3. This Act, upon its approval, shall apply to  
2 taxable years beginning after December 31, 2018.

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INTRODUCED BY: \_\_\_\_\_



By Request

JAN 17 2019



# H.B. NO. 192

**Report Title:**

Kauai County Package; Taxation; Income Tax Credit; Elderly Persons; Employment

**Description:**

Provides to a taxpayer who hires an elderly individual a nonrefundable tax credit for the six-month period after the individual is initially hired by the taxpayer.

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

