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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, which 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.



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

3        (1) Wages paid to an elderly individual who:

4            (A) Bears any of the relationships described in  
5            section 152(d) (2) (A) through (G) of the Internal  
6            Revenue Code to the taxpayer, or, if the taxpayer  
7            is a corporation, to an individual who owns,  
8            directly or indirectly, more than fifty per cent  
9            in value of the outstanding stock of the  
10           corporation (determined with the application of  
11           section 267(c) of the Internal Revenue Code);

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

19           (C) Is a dependent (described in section 152(d) (2) (H)  
20           of the Internal Revenue Code) of the taxpayer,  
21           or, if the taxpayer is an estate or trust, of a



1                   grantor, beneficiary, or fiduciary of the estate  
2                   or trust; and

3           (2) Wages paid to any elderly individual if, prior to the  
4           day the individual is hired by the employer, the  
5           individual had been employed by the employer at any  
6           time.

7           (d) In the case of a successor employer referred to in  
8 section 3306(b)(1) of the Internal Revenue Code, the  
9 determination of the amount of the tax credit allowable under  
10 this section with respect to wages paid by the successor  
11 employer shall be made in the same manner as if the wages were  
12 paid by the predecessor employer referred to in section  
13 3306(b)(1) of the Internal Revenue Code.

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

20           (f) The director of taxation:



- 1        (1) Shall prepare any forms necessary to claim a credit  
2                    under this section;
- 3        (2) May require a taxpayer to furnish reasonable  
4                    information to ascertain the validity of a claim for  
5                    credit; and
- 6        (3) May adopt rules pursuant to chapter 91 to effectuate  
7                    the purposes of this section.
- 8        (g) For purposes of this section:  
9                    "Elderly individual" means an individual who is sixty years  
10                   of age or older.
- 11        "Qualified wages" means wages attributable to work rendered  
12                   by an elderly individual for the six-month period after the  
13                   individual is initially hired.
- 14        "Wages" means wages, commissions, fees, salaries, bonuses,  
15                   and every and all other kinds of remuneration for, or  
16                   compensation attributable to, services performed by an employee  
17                   for the employee's employer, including the cash value of all  
18                   remuneration paid in any medium other than cash and the cost-of-  
19                   living allowances and other payments included in gross income by  
20                   section 235-7(b), but excluding income excluded from gross  
21                   income by section 235-7 or other provisions of this chapter."



1 SECTION 2. New statutory material is underscored.

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

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INTRODUCED BY:

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JAN 18 2019



# H.B. NO. 525

**Report Title:**

Taxation; Income Tax Credit; Elderly Persons; Employment

**Description:**

Provides to a taxpayer who hires an elderly individual a nonrefundable tax credit for the 6-month period after the individual is initially hired by the taxpayer.

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