Honolulu, Hawaii

MAR 0 1 2019

RE: S.B. No. 161
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 161, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to provide to a taxpayer who hires an individual with a disability a nonrefundable income tax credit for the twelve-month period after the individual is initially hired by the taxpayer.

Your Committee received written comments in support of this measure from the Hawaii State Association of Counties and Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that providing an incentive to hire individuals with disabilities facilitates the economic self-sufficiency of disabled individuals, allowing them to contribute to their communities as taxpaying citizens, establish relationships, and engage in social networking.

Your Committee has amended this measure by:

(1)   Amending the definition of "qualified wages" to prevent a taxpayer from claiming multiple tax benefits for the wages paid to the same employee;

(2)   Providing that the tax credit shall be recaptured if the taxpayer terminates the employment of the individual with a disability during a twelve-month period following the close of the taxable year for which the tax credit was claimed;

(3)   Applying the tax credit to taxable years beginning after December 31, 2019;

(4)   Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and

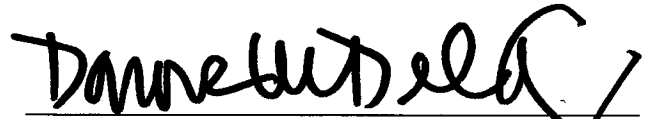(5)   Making technical nonsubstantive amendments for purposes of consistency, clarity, and style.

Your Committee notes the following concerns regarding the measure:

(1)   As currently drafted, it is unclear whether a taxpayer may claim a tax credit for hiring only one disabled individual or for each disabled individual hired; and

(2)   If the tax credit is intended to apply to each individual with a disability that a taxpayer hires, it is unclear whether the cap amount is intended to apply to the amount of tax credit claimed by a taxpayer for hiring a single disabled individual, or to the amount of tax credits claimed by a taxpayer for all the disabled individuals whom the taxpayer hires.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 161, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 161, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

DONOVAN M. DELA CRUZ, Chair

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
SB161, SD1	HMS, WAM	2/21/19

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to:_____

The Recommendation is:

☐ Pass, unamended
2312

☒ Pass, with amendments
2311

☐ Hold
2310

☐ Recommit
2313

Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene				X
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil				X
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
FEVELLA, Kurt	X			
TOTAL	9			4

Recommendation:

☒ Adopted   ☐ Not Adopted

Chair's or Designee's Signature:

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*Only <u>one</u> measure per Record of Votes

Revised: 12/19/18