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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 amended by  
2 adding a new section to be appropriately designated and to read  
3 as follows:

4 "§235- Department of defense contractors tax credit;  
5 local hire. (a) There shall be allowed to each qualified  
6 taxpayer, a United States Department of Defense contractors tax  
7 credit that shall be deductible from the taxpayer's net income  
8 tax liability imposed by this chapter for the taxable year in  
9 which the tax credit is properly claimed.

10 (b) A qualified taxpayer is a department of defense  
11 contractor who:

12 (1) Is in a qualified high technology business  
13 conducting qualified research. For the purposes  
14 of this section, "qualified high technology  
15 business" and "qualified research" have the same  
16 meaning as defined in section 235-110.9;



1           (2) Has hired a person who has resided in the State  
2                   for at least twelve consecutive months previous  
3                   to the hiring; and

4           (3) Is in compliance with all applicable federal,  
5                   state, and county statutes, ordinances, rules,  
6                   and regulations.

7           (c) The tax credit shall be equal to \$        per person  
8           hired by the qualified taxpayer in the year in which the tax  
9           credit is properly claimed.

10           (d) If the tax credit under this section exceeds the  
11           taxpayer's net income tax liability, the amount of the excess  
12           may be claimed in subsequent years until exhausted; provided  
13           that no refund or payment on account of the tax credit allowed  
14           by this section shall be made for amounts less than \$1.

15           (e) Every claim, including amended claims, for the tax  
16           credit under this section shall be filed on or before the end of  
17           the twelfth month following the close of the taxable year for  
18           which the tax credit may be claimed. Failure to meet the filing  
19           requirements of this subsection shall constitute a waiver of the  
20           right to claim the tax credit.

21           (f) The direction of taxation:



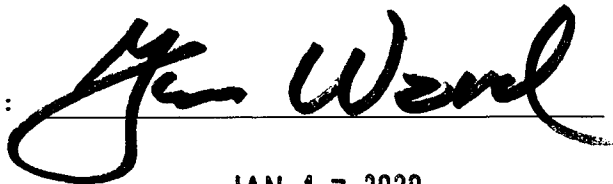
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- (1) Shall prepare forms as may be necessary to claim a tax credit under this section;
- (2) May require proof of the claim for the tax credit; and
- (3) May adopt rules pursuant to chapter 91 to effectuate the purposes of this section."

SECTION 2. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval and shall apply to taxable years beginning after December 31, 2020.

INTRODUCED BY:



JAN 17 2020



# H.B. NO. 2074

**Report Title:**

Tax Credit; High Technology; Department of Defense

**Description:**

Provides a tax credit to department of defense high technology contractors that hire workers who are residents of the State.

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

