
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 individual with a disability; income
5 tax credit. (a) Each taxpayer subject to the tax imposed by
6 this chapter shall be allowed a credit for the hiring of an
7 individual with a disability, which shall be deductible from the
8 taxpayer's net income liability, if any, imposed by this chapter
9 for the 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 an
12 individual with a disability is initially hired. A tax credit
13 that exceeds the taxpayer's income tax liability may be used as
14 a credit against the taxpayer's income tax liability in
15 subsequent years until exhausted; provided that in no taxable
16 year shall the total amount of the tax credit claimed under this
17 section exceed \$ per taxpayer.



1 (c) Certification of an individual with a disability for
2 the purpose of claiming a credit under this section shall be
3 submitted to the department of taxation on forms prescribed by
4 the department.

5 (d) An individual shall not be treated as an individual
6 with a disability unless, on or before the day on which the
7 individual begins work for the employer, the employer has
8 received certification from a qualified physician.

9 (e) If an individual is incorrectly certified as an
10 individual with a disability because certification was based on
11 false information provided by the individual, the certification
12 shall be revoked and wages paid by the employer after the date
13 on which notice of revocation is received by the employer shall
14 not be treated as qualified wages.

15 (f) In any request for a certification of an individual as
16 an individual with a disability, the employer shall certify that
17 a good faith effort was made to confirm the individual's
18 disability status.

19 (g) The following wages paid to an individual with a
20 disability are ineligible to be claimed by the employer for the
21 purposes of this credit:



- 1 (1) Wages paid to an individual with a disability who:
- 2 (A) Bears any of the relationships to the taxpayer
- 3 described in section 152(d)(2)(A) through (G) of
- 4 the Internal Revenue Code, or, if the taxpayer is
- 5 a corporation, to an individual who directly or
- 6 indirectly owns more than fifty per cent of the
- 7 outstanding stock of the corporation (determined
- 8 by section 267(c) of the Internal Revenue Code);
- 9 (B) If the taxpayer is an estate or trust, is a
- 10 grantor, beneficiary, or fiduciary of the state
- 11 or trust, or is an individual who bears any of
- 12 the relationships described in section
- 13 152(d)(2)(A) through (G) of the Internal Revenue
- 14 Code to a grantor, beneficiary, or fiduciary of
- 15 the estate or trust; or
- 16 (C) Is a dependent of the taxpayer (described in
- 17 section 152(d)(H) of the Internal Revenue Code),
- 18 or, if the taxpayer is an estate or trust, of a
- 19 grantor, beneficiary, or fiduciary of the estate
- 20 or trust; and



1 (2) Wages paid to an individual with a disability who
2 previously worked for the employer.

3 (h) In the case of a successor employer (as 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 the 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 (as referred to in the same
9 section).

10 (i) 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 is claimed. Failure to comply with this provision
14 shall constitute a waiver of the right to claim the tax credit.

15 (j) The director of taxation:

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

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



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

3 (k) For the purposes of this section:

4 "Individual with a disability" means an individual having a
5 physical or intellectual impairment that substantially limits
6 one or more major life activities, having a record of that
7 impairment, or being regarded as having that impairment;
8 provided the impairment is certified by a qualifying physician.

9 "Qualified physician" means:

10 (1) A physician or osteopathic physician licensed under
11 chapter 453;

12 (2) A qualified out-of-state physician who is currently
13 licensed to practice in the state in which the
14 physician resides; or

15 (3) A commissioned medical officer in the United States
16 Army, Navy, Marine Corps, or Public Health Service,
17 engaged in the discharge of official duty.

18 "Qualified wages" means wages attributable to work rendered
19 by an individual with a disability for the six month period
20 after the individual is initially hired.



1 "Wages" means wages, commissions, fees, salaries, bonuses,
 2 and all other kinds of remuneration for, or compensation
 3 attributable to, services performed by an employee for the
 4 employer, including the cash value of all remuneration paid in
 5 any medium other than cash, and the cost of living allowances
 6 and other payments included in gross income by section 235-7(b),
 7 but excluding income excluded from gross income by section 235-7
 8 or other provisions of this chapter."

9 SECTION 2. New statutory material is underscored.

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

12

INTRODUCED BY:

[Handwritten signatures and initials]

Val Oke
George Thomas
James S. King

James M. ...
...
Richard ...
Lynn De ...
Calvin ...

Shawn ...



H.B. NO. 526

Report Title:

Taxation; Income Tax Credit; Persons with Disabilities;
Employment

Description:

Provides a tax credit to employers who hire an individual with a disability. Applies to the 6-month period after the individual is initially hired.

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

