

Honolulu, Hawaii

February 4, 2019

RE: H.B. No. 179

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 179 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to provide a nonrefundable income tax credit to any taxpayer who hires an individual with a disability in an amount equal to fifty percent of the employee's qualified wages in the first six months of employment.

The State Council on Developmental Disabilities, Maui County Council, Hawaii Disability Rights Center, and Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii supported this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by:

- (1) Amending the definition of "qualified wages" to specify that "qualified wages" shall not include amounts for which another credit is claimed or a deduction is taken; and
- (2) Changing its effective date to January 1, 2050, to facilitate further discussion on this measure.



Your Committee recognizes that the proposed income tax credit under this measure is similar to the existing income tax credit for the hiring of vocational rehabilitation referrals under section 235-55.91, Hawaii Revised Statutes (HRS). Should this measure proceed through the legislative process, your Committee respectfully requests that the Committee on Finance consider the merits of establishing a nonrefundable income tax credit as provided under this measure as compared to amending the existing income tax credit under section 235-55.91, HRS.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 179, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 179, H.D. 1, and be referred to your Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



AARON LING JOHANSON, Chair



