

JAN 20 2023

A BILL FOR AN ACT

RELATING TO THE JOB CREATION TAX CREDIT.

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 be appropriately designated
3 and to read as follows:
4 "§235- Job creation tax credit. (a) For each taxpayer
5 that qualifies as a business firm and is subject to taxes
6 imposed by this chapter, there shall be allowed a job creation
7 tax credit against the business firm's net income tax liability,
8 if any, for each new qualified permanent full-time employment
9 position created in the State, as computed and certified by the
10 department of taxation.

11 (b) To be eligible to claim the credit, the business firm
12 shall invest at least \$50,000 of capital investment and create
13 at least one net new qualified employment position that pays
14 compensation at least equal to or above the fiscal year's self-
15 sufficiency income standard provided by the department of
16 business, economic development, and tourism.



1 (c) The amount of the job creation tax credit shall be
2 equal to:

3 (1) \$3,000 for each full-time employee hired in a
4 qualified employment position in the first year or
5 partial year of employment; provided that employees
6 hired in the last ninety days of the taxable year
7 shall be excluded for that taxable year and shall be
8 considered to be new employees in the following
9 taxable year;

10 (2) \$3,000 for each full-time employee in a qualified
11 employment position for the full taxable year in the
12 second year of continuous employment; and

13 (3) \$3,000 for each full-time employee in a qualified
14 employment position for the full taxable year in the
15 third year of continuous employment.

16 (d) Claims for tax credits under this section, including
17 amended claims, shall be filed on or before the end of the
18 twelfth month following the taxable year for which the tax
19 credit may be claimed. Failure to file within the twelve-month
20 period shall constitute a waiver of the right to claim the
21 credit.



1 (e) The director of taxation may prepare any forms and
2 procedures that may be necessary to claim a credit under this
3 section. The director may also require the business firm to
4 furnish information to ascertain the validity of the claims for
5 credit made under this section and may adopt, pursuant to
6 chapter 91, rules necessary to effectuate the purposes of this
7 section.

8 (f) Notwithstanding any other law to the contrary limiting
9 the disclosure of tax returns or return information, the
10 department of business, economic development, and tourism, and
11 the department of labor and industrial relations shall be
12 entitled to inspect and receive tax returns and return
13 information in the administration of this credit.

14 (g) As used in this section:

15 "Business firm" means any corporation, partnership,
16 subchapter S corporation, limited liability company, or sole
17 proprietorship registered to do business in the State of Hawaii
18 with the department of commerce and consumer affairs and the
19 department of taxation, subject to the taxes imposed under this
20 chapter.



1 "Capital investment" means an expenditure to acquire,
2 lease, or improve property that is used in operating a business,
3 including land, buildings, machinery, fixtures, and equipment.

4 "Qualified employment position" means employment that meets
5 the following requirements:

6 (1) The position consists of at least one thousand seven
7 hundred fifty hours per year of full-time permanent
8 employment;

9 (2) The job duties are performed primarily at the location
10 or locations of the business in the State; and

11 (3) The employer pays compensation at least equal to or
12 above the fiscal year's self-sufficiency income
13 standard provided by the department of business,
14 economic development, and tourism."

15 SECTION 2. New statutory material is underscored.

16 SECTION 3. This Act shall take effect on July 1, 2023;
17 provided that this Act shall apply to taxable years beginning
18 after December 31, 2023.

19
INTRODUCED BY: Lynn DeCote
By Request



S.B. NO. 802

Report Title:

Job Creation Tax Credit

Description:

Establishes the job creation tax credit for qualified business firms that create qualified employment positions in the State.

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