
A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to establish a farm
2 workforce retention tax credit for farm employers or owners of
3 farm employers.

4 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
5 amended by adding a new section to part VI to be appropriately
6 designated and to read as follows:

7 "§235- Farm workforce retention tax credit. (a) There
8 shall be allowed to each qualified taxpayer subject to the tax
9 imposed by this chapter a farm workforce retention tax credit
10 that shall be applied to the qualified taxpayer's net income tax
11 liability, if any, imposed by this chapter for the taxable year
12 in which the credit is properly claimed.

13 (b) The tax credit amount shall be as follows:

14 (1) For the taxable year beginning after December 31,

15 2023: \$ per eligible farm employee employed

16 by the qualified taxpayer;



1 (2) For the taxable year beginning after December 31,
2 2024: \$ _____ per eligible farm employee employed
3 by the qualified taxpayer;

4 (3) For the taxable year beginning after December 31,
5 2025: \$ _____ per eligible farm employee employed
6 by the qualified taxpayer;

7 (4) For the taxable year beginning after December 31,
8 2026: \$ _____ per eligible farm employee employed
9 by the qualified taxpayer; and

10 (5) For the taxable year beginning after December 31,
11 2027: \$ _____ per eligible farm employee employed
12 by the qualified taxpayer.

13 (c) If a farm employee employed by the qualified taxpayer
14 becomes unable to work due to a documented illness or
15 disability, the qualified taxpayer may combine the hours the
16 farm employee was employed during the taxable year with the
17 hours of another farm employee hired to replace the ill or
18 disabled farm employee in the same taxable year when determining
19 whether the farm employee meets the minimum requirement for the
20 number of hours worked per taxable year to meet the definition
21 of "eligible farm employee" for the purposes of this section.

22 The qualified taxpayer shall obtain proof of illness or



1 disability for the ill or disabled farm employee in the form of
2 a written statement from a health care provider licensed,
3 certified, or otherwise permitted by law to diagnose or treat
4 the physical or mental condition that led to the claimed illness
5 or disability. The statement shall include:

6 (1) The name and a description of the farm employee's
7 illness or disability;

8 (2) The health care provider's medical opinion that the
9 illness or disability prevented the farm employee from
10 working;

11 (3) The specific time period during which the farm
12 employee is or was unable to work due to illness or
13 disability, to the best of the health care provider's
14 knowledge; and

15 (4) The following certification signed by the health care
16 provider: "I hereby certify that, to the best of my
17 knowledge and belief, the above representations are
18 true, correct, and complete."

19 The qualified taxpayer shall retain documentation of the hours
20 worked and proof of illness or disability for all eligible farm
21 employees and shall make the documentation and proof available
22 to the department upon request. Workers who are part of the



1 H-2A Temporary Agricultural Program that meet the definition of
2 "eligible farm employee" may be included in the computation of
3 this tax credit.

4 (d) In the case of a partnership, S corporation, estate,
5 or trust, the tax credit shall be determined at the entity
6 level. Distribution and share of credit shall be determined by
7 rule.

8 (e) The credit allowed under this section shall be claimed
9 against the net income tax liability for the taxable year. If
10 the tax credit under this section exceeds the taxpayer's income
11 tax liability, the excess of the credit over liability may be
12 used as a credit against the taxpayer's income tax liability in
13 subsequent years until exhausted.

14 (f) All claims, including any amended claims, for a tax
15 credit under this section shall be filed on or before the end of
16 the twelfth month following the close of the taxable year for
17 which the credit may be claimed. Failure to comply with the
18 foregoing provision shall constitute a waiver of the right to
19 claim the credit.

20 (g) The director of taxation:

21 (1) Shall prepare any forms that may be necessary to claim
22 a credit under this section;



1 (2) May require the taxpayer to furnish reasonable
2 information to ascertain the validity of the claim for
3 credit made under this section; and

4 (3) May adopt rules pursuant to chapter 91 to effectuate
5 the purposes of this section.

6 (h) This section shall not apply to taxable years
7 beginning after December 31, 2028.

8 (i) For the purposes of this section:

9 "Eligible farm employee" means an individual who is
10 employed for five hundred hours or more per taxable year by a
11 farm employer in the State. "Eligible farm employee" does not
12 include general executive officers of the farm employer.

13 "Excess federal gross income" means the amount of federal
14 gross income from all sources for the taxable year in excess of
15 \$30,000.

16 "Farm employer" means a person:

17 (1) Who is a corporation, including an S corporation, sole
18 proprietorship, limited liability company, or a
19 partnership; and

20 (2) Whose federal gross income from farming for the
21 taxable year is at least two-thirds of the person's
22 excess federal gross income.



1 "Farming" means the operation or management of livestock,
2 dairy, poultry, fish, fruit, furbearing animals, vegetable
3 farms, plantations, ranches, ranges, or orchards.

4 "Net income tax liability" means income tax liability
5 reduced by all other credits allowed under this chapter.

6 "Owner of a farm employer" includes shareholders of a
7 Hawaii S corporation, partners in a partnership, members of a
8 limited liability company, or beneficiaries of an estate or
9 trust.

10 "Qualified taxpayer" means a farm employer or an owner of a
11 farm employer."

12 SECTION 3. New statutory material is underscored.

13 SECTION 4. This Act shall take effect on June 30, 3000,
14 and shall apply to taxable years beginning after December 31,
15 2023.



Report Title:

Farm Workforce Retention Tax Credit; Farm Employment

Description:

Establishes the farm workforce retention tax credit for farm employers or owners of farm employers who employ eligible farm employees. Effective 6/30/3000. (SD1)

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

