
A BILL FOR AN ACT

RELATING TO INCOME TAX CREDITS.

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

1 SECTION 1. The legislature finds that there are
2 significant benefits to the State, employers, and employees when
3 employers allow their employees to telework. Encouraging
4 employers to allow employees to telework will benefit Hawaii's
5 job market, improve the expansion of internet and broadband
6 access in rural communities, reduce traffic congestion and
7 carbon emissions, and provide benefits to employees by
8 significantly improving job satisfaction.

9 The legislature also finds that there are more than 135,000
10 small businesses in Hawaii. A small business is defined as a
11 business having less than five hundred employees. Small
12 businesses equate to more than 99.3% of businesses in Hawaii.
13 In 2020, small businesses employing twenty to ninety-nine
14 employees created the most job gains.

15 Accordingly, the purpose of this Act is to establish a
16 telework tax credit to encourage small business employers to
17 allow their employees to telework.



1 SECTION 2. 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- Telework tax credit. (a) There shall be
5 allowed to each qualified taxpayer subject to the tax imposed by
6 this chapter a telework tax credit that shall be deductible from
7 the taxpayer's net income tax liability, if any, imposed by this
8 chapter for the taxable year in which the credit is properly
9 claimed.

10 (b) The amount of the tax credit shall be equal to
11 \$ per qualifying employee, up to a maximum of
12 \$.

13 (c) If the tax credit under this section exceeds the
14 taxpayer's net income tax liability, the excess of credit over
15 liability may be used as a tax credit against the taxpayer's net
16 income tax liability in subsequent years until exhausted. All
17 claims for tax credits under this section, including any amended
18 claims, shall be filed on or before the end of the twelfth month
19 following the close of the taxable year for which the credit may
20 be claimed. Failure to comply with the foregoing provision
21 shall constitute a waiver of the right to claim the credit.



- 1 (d) The director of taxation:
- 2 (1) Shall prepare any forms that may be necessary to claim
- 3 a tax credit under this section;
- 4 (2) May require the taxpayer to furnish reasonable
- 5 information to ascertain the validity of the claim for
- 6 the tax credit made under this section; and
- 7 (3) May adopt rules under chapter 91 necessary to
- 8 effectuate the purposes of this section.

9 (e) For the purposes of this section:

10 "Qualified taxpayer" means any employer:

- 11 (1) Upon whom an income tax is imposed by this chapter;
- 12 (2) That is a small business; and
- 13 (3) That allows at least thirty per cent of the employer's
- 14 workforce to telework.

15 "Qualifying employee" means an employee of a qualified
16 taxpayer who is allowed to telework at least two-thirds of the
17 time that the employee is expected to work.

18 "Small business" means a for-profit corporation, limited
19 liability company, partnership, limited partnership, sole
20 proprietorship, or other legal entity that:

- 21 (1) Is domiciled and authorized to do business in Hawaii;



- 1 (2) Is independently owned and operated; and
- 2 (3) Employs fewer than one hundred full-time or part-time
- 3 employees in Hawaii.

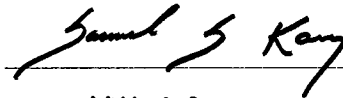
4 "Telework" means an alternative work arrangement whereby
5 employees perform the normal duties and responsibilities of
6 their positions through the use of telecommunication devices,
7 either at their residence or another location apart from the
8 employees' usual place of work."

9 SECTION 3. New statutory material is underscored.

10 SECTION 4. This Act, upon its approval, shall apply to
11 taxable years beginning after December 31, 2024.

12

INTRODUCED BY:



JAN 13 2025



H.B. NO. 81

Report Title:

Telework; Tax Credits; Small Business; Employers; Employees

Description:

Establishes a telework tax credit for small business employers who allow telework for at least 30% of their employees. Applies to taxable years beginning after 12/31/24.

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