

# S . B . NO . 1136

JAN 28 2015

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## A BILL FOR AN ACT

RELATING TO SECTION 235-55.91, HAWAII REVISED STATUTES.

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

1           SECTION 1. Section 235-55.91, Hawaii Revised Statutes, is  
2 amended by amending subsection (e) to read as follows:

3           "(e) The following wages paid to vocational rehabilitation  
4 referrals are ineligible to be claimed by the employer for this  
5 credit:

6           (1) No wages shall be taken into account under this  
7 section with respect to a vocational rehabilitation  
8 referral who:

9           ~~[(A) Bears any of the relationships described in  
10 section 152(a)(1) to (8) of the Internal Revenue  
11 Code to the taxpayer, or, if the taxpayer is a  
12 corporation, to an individual who owns, directly  
13 or indirectly, more than fifty per cent in value  
14 of the outstanding stock of the corporation  
15 (determined with the application of section  
16 267(c) of the Internal Revenue Code);~~

17           ~~(B) If the taxpayer is an estate or trust, is a  
18 grantor, beneficiary, or fiduciary of the estate~~

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1 ~~or trust, or is an individual who bears any of~~  
2 ~~the relationships described in section 152(a)(1)~~  
3 ~~to (8) of the Internal Revenue Code to a grantor,~~  
4 ~~beneficiary, or fiduciary of the estate or trust,~~  
5 ~~or~~

6 ~~(C) Is a dependent (described in section 152(a)(9) of~~  
7 ~~the Internal Revenue Code) of the taxpayer, or,~~  
8 ~~if the taxpayer is a corporation, of an~~  
9 ~~individual described in subparagraph (A), or, if~~  
10 ~~the taxpayer is an estate or trust, of a grantor,~~  
11 ~~beneficiary, or fiduciary of the estate or~~  
12 ~~trust.]~~

13 (A) Is a dependent, as described in section 152 of  
14 the Internal Revenue Code, of the taxpayer;

15 (B) If the taxpayer is a corporation, is an  
16 individual who owns, directly or indirectly, more  
17 than fifty per cent in value of the outstanding  
18 stock of the corporation (determined with the  
19 application of section 267(c) of the Internal  
20 Revenue Code), or is a dependent, as described  
21 under section 152 of the Internal Revenue Code,  
22 of such an individual; or

1           (C) If the taxpayer is an estate or trust, is an  
2           individual who is grantor, fiduciary, or  
3           beneficiary of the estate or trust, or is a  
4           dependent, as described under section 152 of the  
5           Internal Revenue Code, of such a grantor,  
6           fiduciary, or beneficiary.

7           (2) No wages shall be taken into account under this  
8           section with respect to any vocational rehabilitation  
9           referral if, prior to the hiring date of the  
10          individual, the individual had been employed by the  
11          employer at any time during which the individual was  
12          not a vocational rehabilitation referral.

13          (3) No wages shall be taken into account under this  
14          section with respect to any vocational rehabilitation  
15          referral unless such individual either:

16                (A) Is employed by the employer at least ninety days;

17                        or

18                (B) Has completed at least one hundred-twenty hours  
19                of services performed for the employer."

20          SECTION 2. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.

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1 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: 

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BY REQUEST

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**Report Title:**

Income Tax; Vocational Rehabilitation Referrals

**Description:**

Amends section 235-55.91(e), Hawaii Revised Statutes, by updating references to the Internal Revenue Code.

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

## JUSTIFICATION SHEET

DEPARTMENT: Taxation

TITLE: A BILL FOR AN ACT RELATING TO SECTION 235-55.91, HAWAII REVISED STATUTES.

PURPOSE: To update section 235-55.91, Hawaii Revised Statutes (HRS), by amending references to the Internal Revenue Code that have changed.

MEANS: Amend section 235-55.91(e), HRS.

JUSTIFICATION: The Working Families Tax Relief Act of 2004, Public Law No. 108-311, moved the references to dependents cited by section 235-55.91(e) from section 152(a)(1) to (9) to section 152(a) to (d) of the Internal Revenue Code.

Impact on the public: The public should benefit from the statute referencing the correct Internal Revenue Code section.

Impact on the department and other agencies: There should be no impact as this measure merely corrects an incorrect citation and does not substantively change the law.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.