
A BILL FOR AN ACT

RELATING TO TAXATION.

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 part I to be appropriately
3 designated and to read as follows:

4 "§235- Hiring an elderly individual; income tax credit.

5 (a) There shall be allowed to each taxpayer subject to the tax
6 imposed by this chapter, a credit for the hiring of an elderly
7 individual, which shall be deductible from the taxpayer's net
8 income tax liability, if any, imposed by this chapter for the
9 taxable year in which the credit is properly claimed.

10 (b) The amount of the credit shall be equal to fifty per
11 cent of the qualified wages for the first six months after the
12 elderly individual is initially hired. A tax credit that
13 exceeds the taxpayer's income tax liability may be used as a
14 credit against the taxpayer's income tax liability in subsequent
15 years until exhausted; provided that in no taxable year shall
16 the total amount of the tax credit claimed under this section
17 exceed \$ per taxpayer.



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1 (c) The following wages paid to an elderly individual are
2 ineligible to be claimed by the employer for this credit:

3 (1) Wages paid to an elderly individual who:

4 (A) Bears any of the relationships described in
5 section 152(d)(2)(A) through (G) of the Internal
6 Revenue Code to the taxpayer, or, if the taxpayer
7 is a corporation, to an individual who owns,
8 directly or indirectly, more than fifty per cent
9 in value of the outstanding stock of the
10 corporation (determined with the application of
11 section 267(c) of the Internal Revenue Code);

12 (B) If the taxpayer is an estate or trust, is a
13 grantor, beneficiary, or fiduciary of the estate
14 or trust, or is an individual who bears any of
15 the relationships described in section
16 152(d)(2)(A) through (G) of the Internal Revenue
17 Code to a grantor, beneficiary, or fiduciary of
18 the estate or trust; or

19 (C) Is a dependent (described in section 152(d)(2)(H)
20 of the Internal Revenue Code) of the taxpayer,
21 or, if the taxpayer is an estate or trust, of a



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1 grantor, beneficiary, or fiduciary of the estate
2 or trust; and

3 (2) Wages paid to any elderly individual if, prior to the
4 day the individual is hired by the employer, the
5 individual had been employed by the employer at any
6 time.

7 (d) In the case of a successor employer referred to in
8 section 3306(b)(1) of the Internal Revenue Code, the
9 determination of the amount of the tax credit allowable under
10 this section with respect to wages paid by the successor
11 employer shall be made in the same manner as if the wages were
12 paid by the predecessor employer referred to in section
13 3306(b)(1) of the Internal Revenue Code.

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

20 (f) The director of taxation:



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1 (1) Shall prepare any forms necessary to claim a credit
2 under this section;

3 (2) May require a taxpayer to furnish reasonable
4 information to ascertain the validity of a claim for
5 credit; and

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

8 (g) For purposes of this section:

9 "Elderly individual" means an individual who is sixty years
10 of age or older.

11 "Qualified wages" means wages attributable to work rendered
12 by an elderly individual for the six-month period after the
13 individual is initially hired.

14 "Wages" means wages, commissions, fees, salaries, bonuses,
15 and every and all other kinds of remuneration for, or
16 compensation attributable to, services performed by an employee
17 for the employee's employer, including the cash value of all
18 remuneration paid in any medium other than cash and the cost-of-
19 living allowances and other payments included in gross income by
20 section 235-7(b), but excluding income excluded from gross
21 income by section 235-7 or other provisions of this chapter."



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1 SECTION 2. New statutory material is underscored.

2 SECTION 3. This Act, upon its approval, shall apply to

3 taxable years beginning after December 31, 2017.

4

INTRODUCED BY: _____



By Request

JAN 11 2018



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Report Title:

Kauai County Package; Taxation; Income Tax Credit; Elderly Persons; Employment

Description:

Provides to a taxpayer who hires an elderly individual a nonrefundable tax credit for the 6-month period after the individual is initially hired by the taxpayer.

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