A BILL FOR AN ACT

RELATING TO TAXATION.

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

SECTION 1. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:

"§235- Hiring an individual with a disability; income tax credit. (a) Each taxpayer subject to the tax imposed by this chapter shall be allowed a credit for the hiring of an individual with a disability, which shall be deductible from the taxpayer's net income liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed. 

(b) The amount of the credit shall be equal to fifty per cent of the qualified wages for the first six months after an individual with a disability is initially hired. A tax credit that exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted; provided that in no taxable year shall the total amount of the tax credit claimed under this section exceed $ per taxpayer.
(c) Certification of an individual with a disability for the purpose of claiming a credit under this section shall be submitted to the department of taxation on forms prescribed by the department.

(d) An individual shall not be treated as an individual with a disability unless, on or before the day on which the individual begins work for the employer, the employer has received certification from a qualified physician.

(e) If an individual is incorrectly certified as an individual with a disability because certification was based on false information provided by the individual, the certification shall be revoked and wages paid by the employer after the date on which notice of revocation is received by the employer shall not be treated as qualified wages.

(f) In any request for a certification of an individual as an individual with a disability, the employer shall certify that a good faith effort was made to confirm the individual's disability status.

(g) The following wages paid to an individual with a disability are ineligible to be claimed by the employer for the purposes of this credit:
Wages paid to an individual with a disability who:

(A) Bears any of the relationships to the taxpayer described in section 152(d)(2)(A) through (G) of the Internal Revenue Code, or, if the taxpayer is a corporation, to an individual who directly or indirectly owns more than fifty per cent of the outstanding stock of the corporation (determined by section 267(c) of the Internal Revenue Code);

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

(C) Is a dependent of the taxpayer (described in section 152(d)(H) of the Internal Revenue Code), or, if the taxpayer is an estate or trust, of a grantor, beneficiary, or fiduciary of the estate or trust; and
(2) Wages paid to an individual with a disability who
previously worked for the employer.

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

(i) Claims for the tax credit under this section,
including any amended claims, shall be filed on or before the
end of the twelfth month following the taxable year for which
the credit is claimed. Failure to comply with this provision
shall constitute a waiver of the right to claim the tax credit.

(j) The director of taxation:

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

(2) May require a taxpayer to furnish reasonable
information to ascertain the validity of a claim for
credit; and
(3) May adopt rules pursuant to chapter 91 for the purposes of this section.

(k) For the purposes of this section:

"Individual with a disability" means an individual having a physical or intellectual impairment that substantially limits one or more major life activities, having a record of that impairment, or being regarded as having that impairment; provided the impairment is certified by a qualifying physician.

"Qualified physician" means:

(1) A physician or osteopathic physician licensed under chapter 453;

(2) A qualified out-of-state physician who is currently licensed to practice in the state in which the physician resides; or

(3) A commissioned medical officer in the United States Army, Navy, Marine Corps, or Public Health Service, engaged in the discharge of official duty.

"Qualified wages" means wages attributable to work rendered by an individual with a disability for the six month period after the individual is initially hired.
"Wages" means wages, commissions, fees, salaries, bonuses, and all other kinds of remuneration for, or compensation attributable to, services performed by an employee for the employer, including the cash value of all remuneration paid in any medium other than cash, and the cost of living allowances and other payments included in gross income by section 235-7(b), but excluding income excluded from gross income by section 235-7 or other provisions of this chapter."

SECTION 2. New statutory material is underscored.

SECTION 3. This Act, upon its approval, shall apply to taxable years beginning after December 31, 2018.
Report Title:
Taxation; Income Tax Credit; Persons with Disabilities; Employment

Description:
Provides a tax credit to employers who hire an individual with a disability. Applies to the 6-month period after the individual is initially hired.

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