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



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

3 (1) Wages paid to an elderly individual:

4 (A) Who bears to the taxpayer any of the
5 relationships described in section 152(d)(2)(A)
6 through (H) of the Internal Revenue Code;

7 (B) If the taxpayer is a corporation and the elderly
8 individual owns, directly or indirectly, more
9 than fifty per cent in value of the outstanding
10 stock of the corporation (determined with the
11 application of section 267(c) of the Internal
12 Revenue Code); or

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

20 (2) Wages paid to any elderly individual if, prior to the
21 day the individual is hired by the employer, the



1 individual had been employed by the employer at any
2 time.

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

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

16 (f) The director of taxation:

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

19 (2) May require a taxpayer to furnish reasonable
20 information to ascertain the validity of a claim for
21 credit; and



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

3 (g) For purposes of this section:

4 "Elderly individual" means an individual who is sixty-seven
5 years of age or older.

6 "Qualified wages" means wages attributable to work rendered
7 by an elderly individual for the twelve-month period after the
8 individual is initially hired. "Qualified wages" shall not
9 include amounts for which another credit is claimed or a
10 deduction is taken.

11 "Wages" means wages, commissions, fees, salaries, bonuses,
12 and all other kinds of remuneration for, or compensation
13 attributable to, services performed by an employee for the
14 employee's employer that are paid in cash, but excluding income
15 excluded from gross income by section 235-7 or other provisions
16 of this chapter."

17 SECTION 2. New statutory material is underscored.

18 SECTION 3. This Act, upon its approval, shall apply to
19 taxable years beginning after December 31, 2019.

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Report Title:

Hawaii State Association of Counties Package; Taxation; Income Tax Credit; Elderly Persons; Employment

Description:

Provides to a taxpayer who hires an elderly individual a nonrefundable tax credit for the twelve-month period after the individual is initially hired by the taxpayer. Applies to taxable years beginning after 12/31/2019. (SD1)

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