
A BILL FOR AN ACT

RELATING TO WORKFORCE DEVELOPMENT.

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

1 PART I

2 SECTION 1. The legislature finds that Hawaii's economy
3 depends on a highly skilled workforce to stay competitive and
4 that new means have to be explored and applied to ensure meeting
5 the constantly increasing demands on the workforce.

6 The legislature believes that in support of a national
7 effort to foster workforce development and to deal with the lack
8 of skilled workers, lifelong learning accounts can be the means
9 to develop the workforce properly, and at the same time to
10 fulfill an employer's needs and to accomplish an individual's
11 career goals. Lifelong learning accounts are employer-matched,
12 portable, individual savings accounts used to finance education
13 and training--similar to an employer-sponsored retirement plan
14 or 401(k) plan, but used for skill building and career
15 advancement. Lifelong learning accounts provide tax incentives
16 for both the employer and the employee. The purpose of this
17 part is to establish a lifelong learning accounts program in



1 Hawaii, to encourage employer and employee investment in
2 upgrading the skills of the incumbent workforce.

3 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
4 amended by adding two new sections to be appropriately
5 designated and to read as follows:

6 "§235- Lifelong learning account tax credit. (a) Each
7 individual taxpayer, who files an individual income tax return
8 for a taxable year and who is not claimed or is not otherwise
9 eligible to be claimed as a dependent by another taxpayer for
10 Hawaii state individual income tax purposes, may claim a
11 lifelong learning account tax credit equal to payments made by
12 the taxpayer into a lifelong learning account during the taxable
13 year against the taxpayer's net individual income tax liability
14 for the taxable year for which the individual's income tax return
15 is being filed. An individual who has no income taxable under
16 this chapter, and who is not claimed or is not otherwise
17 eligible to be claimed as a dependent by a taxpayer for Hawaii
18 state individual income tax purposes, may also claim this
19 credit. The tax credit shall be as follows:

20 (1) The tax credit shall not exceed \$1,000 in aggregate
21 for a husband and wife filing a joint return; provided



1 that a husband and wife filing separate tax returns
2 for a taxable year, for which a joint return could
3 have been filed by them, shall claim only the tax
4 credit to which they would have been entitled under
5 this section had a joint return been filed; and

6 (2) The tax credit shall not exceed \$500 in the aggregate
7 for all other taxpayers filing a return.

8 (b) The tax credit applies to payments made by the
9 taxpayer during the taxable year into a qualified lifelong
10 learning account for the benefit of the taxpayer.

11 (c) As used in this section:

12 "Lifelong learning account" means an individual asset
13 account held by a trustee, custodian, or fiduciary approved by
14 the department of labor and industrial relations on behalf of
15 the employee in the state.

16 (d) For the purpose of this credit, the "net income tax
17 liability" means income tax liability reduced by all other
18 credits allowed under this chapter. If the tax credits claimed
19 by a taxpayer exceed the amount of income tax payment due from
20 the taxpayer, the excess of credits over payments due shall be
21 refunded to the taxpayer; provided that tax credits properly



1 claimed by an individual who has no income tax liability shall
2 be paid to the resident individual; and provided further that no
3 refunds or payment on account of the tax credit allowed by this
4 section shall be made for amounts less than \$1.

5 (e) All claims, including any amended claims, for tax
6 credits under this section shall be filed on or before the end
7 of the twelfth month following the close of the taxable year for
8 which the credit may be claimed. Failure to comply with the
9 foregoing provision shall constitute a waiver of the right to
10 claim the credit.

11 (f) If a taxpayer claims any other tax credit or deduction
12 under title 14, including a deduction under Section 162 or 213
13 of the Internal Revenue Code, to which state law conforms, for
14 premiums paid on a long-term care insurance policy, no credit
15 shall be claimed under this section for the same premium
16 payments.

17 (g) The director of taxation shall prepare forms that may
18 be necessary to claim a tax credit under this section. The
19 director may also require the taxpayer to furnish information to
20 ascertain the validity of the claims for a tax credit made under
21 this section and may adopt rules necessary to effectuate the
22 purposes of this section pursuant to chapter 91.



1 §235- Employer's tax credit for lifelong learning account
2 matching funds paid for employees. (a) Subject to the
3 limitations of this section, an employer subject to taxation
4 under this chapter may claim a non-refundable tax credit equal
5 to the amount of payments made by the employer during the
6 taxable year as matching payments to lifelong learning accounts
7 for its employees. The maximum tax credit shall not exceed \$500
8 during the taxable year for each employee on whose behalf
9 qualified lifelong learning account matching payments are made.

10 (b) The credit allowed under this section shall be claimed
11 against the employer's net income tax liability for the taxable
12 year. If the tax credit under this section exceeds the
13 taxpayer's income tax liability, the excess of the credit may be
14 carried forward until exhausted.

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

21 (d) The director of taxation shall prepare forms that may
22 be necessary to claim a credit under this section. The director



1 may also require the taxpayer to furnish information to
2 ascertain the validity of the claims for deductions made under
3 this section and may adopt rules necessary to effectuate the
4 purposes of this section pursuant to chapter 91.

5 (e) As used in this section:

6 "Lifelong learning account" means an individual asset
7 account held by a trustee, custodian, or fiduciary approved by
8 the department of labor and industrial relations on behalf an
9 employee in the state. "

10 SECTION 3. Chapter 394, Hawaii Revised Statutes, is
11 amended by adding a new section to be appropriately designated
12 and to read as follows:

13 "§394- Lifelong learning accounts program. (a) There is
14 established within the department of labor and industrial
15 relations the lifelong learning accounts program.

16 (b) For the purposes of this section, "lifelong learning
17 account" means an individual asset account held by a trustee,
18 custodian, or fiduciary approved by the department of labor and
19 industrial relations on behalf of an employee in the state. The
20 moneys in the individual asset account shall be used only to pay



1 education expenses incurred by or on behalf of the account
2 owner.

3 (c) The department of labor and industrial relations shall
4 use moneys appropriated for the lifelong learning accounts
5 program to:

6 (1) Encourage both lower-income and lower-skilled
7 healthcare, hospitality, and technology industry
8 workers to participate in a lifelong learning account;

9 (2) Encourage the establishment of lifelong learning
10 accounts in diverse geographic and economic areas and
11 among differing sizes of firms, including healthcare,
12 hospitality, and technology industry workers in urban,
13 suburban, and rural areas of the state;

14 (3) Make technical assistance available to companies, and
15 make educational and career advising available to
16 individual participants;

17 (4) Document the process and outcomes in the establishment
18 of lifelong learning accounts and prepare a report
19 thereon; and

20 (5) Partially offset the contribution of low-income
21 employees.



1 Pioneering efforts to attract kama`aina back home have been
 2 developed by county economic development boards and the
 3 department of business, economic development, and tourism. The
 4 Hawaii county economic development board, which originated the
 5 "Kama`aina come home" brand, pioneered the concept in the 1990s
 6 and ever since, the counties and the State have run occasional
 7 events on the mainland to attract kama`aina.

8 SECTION 6. Chapter 201, Hawaii Revised Statutes, is
 9 amended by adding a new section to be appropriately designated
 10 and to read as follows:

11 "§201- Establishment of kama`aina come home program.

12 (a) There is established within the department of business,
 13 economic development, and tourism, the kama`aina come home
 14 program. The purpose of the program is to initiate new efforts,
 15 and support existing efforts by the county economic development
 16 boards and other agencies, organizations, and businesses, to
 17 attract former Hawaii residents with high-demand work skills
 18 back into jobs in Hawaii's economy.

19 (b) The program shall pursue but not be limited to the
 20 following activities to achieve the purpose of the program:



1 (1) Development of a joint effort between the department,
2 the county economic development boards, and major
3 employers a series of periodic events in selected
4 mainland U.S. cities to inform and recruit back to the
5 state, skilled kama`aina based on actual employment
6 opportunities;

7 (2) Development of or support of the development of a
8 voluntary, ongoing data base of high school seniors in
9 Hawaii, and establishment of methods to continuously
10 track the residency of these graduates for the purpose
11 of informing them about career opportunities in
12 Hawaii; and

13 (3) Cooperation with the department to enhance the
14 department's HIRENET job search web site to include
15 specific information on Hawaii job opportunities and
16 related information for out-of-state kama`aina.

17 (c) The department may enter into contracts with other
18 government agencies, the county economic development boards,
19 other non-profit organizations, or for-profit firms in
20 addressing the purpose and required activities of the program.

21 (d) The program shall establish measures of effectiveness
22 regarding the effectiveness of the high school senior and out-



1 of-state databases developed, the success of the out-of-state
 2 events at filling jobs in Hawaii, and the effectiveness of the
 3 HIRENET component to match out-of-state kama`aina with jobs
 4 under the program. "

5 SECTION 7. There is appropriated out of the general
 6 revenues of the State of Hawaii the sum of \$225,000 or so much
 7 thereof as may be necessary for fiscal year 2007-2008 and the
 8 sum of \$260,000 or so much thereof as may be necessary for
 9 fiscal year 2008-2009 to carry out the purposes of the kama`aina
 10 come home program.

11 Of the sums appropriated, \$190,000 for fiscal year 2007-
 12 2008 and \$250,000 for fiscal year 2008-2009 shall be expended by
 13 the department of business, economic development, and tourism
 14 for the purposes of this part. Of the sums appropriated,
 15 \$35,000 for fiscal year 2007-2008 and \$10,000 for fiscal year
 16 2008-2009 shall be expended by the department of labor and
 17 industrial relations for the purposes of this part.

18 SECTION 8. New statutory material is underscored.

19 SECTION 9. This Act shall take effect on July 1, 2007.



Report Title:

Lifelong Learning Accounts; Kama'aina Come Home; Workforce

Description:

Establishes a lifelong learning program and tax credit in the DLIR to support upgraded training for the incumbent workforce. Establishes the Kama'aina Come Home Program to bring skilled kama'ainas home to work in the technology sector and other shortage areas. (HB916 HD1)

