
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that the population of
2 the state is on a steady decline. In 2023, Hawaii was one of
3 just seven states to experience a decrease in population and
4 marked the eighth consecutive year of population loss. This
5 decline includes on average 15,000 Native Hawaiians each year
6 leaving the state for the mainland, which now has a larger
7 population of Native Hawaiians than Hawaii itself.

8 The legislature also finds that Hawaii suffers from
9 workforce shortages in many fields and experiences challenges in
10 attracting top-tier talent. Increased strategic measures are
11 necessary to encourage businesses to consider individuals who
12 have relocated away from the state. Accordingly, the purpose of
13 this Act is to establish tax incentives for employers to hire
14 individuals who have previously resided in the Hawaii and wish
15 to return.



1 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Kamaaina come home income tax credit. (a)

5 There shall be allowed to each taxpayer subject to the tax
6 imposed under this chapter, a kamaaina come home income tax
7 credit that shall be deductible from the taxpayer's net income
8 tax liability, if any, imposed by this chapter for the taxable
9 year in which the credit is properly claimed.

10 (b) The kamaaina come home income tax credit shall be
11 equal to:

12 (1) \$ _____ for each eligible employee hired by the
13 taxpayer in the first year or partial year of
14 employment; provided that an employee hired in the
15 last ninety days of a taxable year shall be excluded
16 for that taxable year and shall be considered an
17 eligible employee in the following taxable year;

18 (2) \$ _____ for each eligible employee employed by the
19 taxpayer for the full taxable year in the second year
20 of continuous employment; and



1 (3) \$ _____ for each eligible employee employed by the
2 taxpayer for the full taxable year in the third year
3 of continuous employment.

4 (c) Every taxpayer, before March 31 of each year in which
5 the taxpayer employed an eligible employee in the previous
6 taxable year, shall submit a written, certified statement to the
7 department of business, economic development, and tourism
8 identifying:

9 (1) The number of eligible employees of the taxpayer
10 employed by the taxpayer in the previous taxable year;
11 and

12 (2) The amount of tax credits claimed pursuant to this
13 section, if any, in the previous taxable year.

14 (d) The department of business, economic development, and
15 tourism shall:

16 (1) Maintain records of the names and addresses of the
17 taxpayers claiming the credits under this section and
18 the total number of eligible employees upon which the
19 tax credit is based;

20 (2) Verify the number of eligible employees employed by
21 the taxpayer and the wage rate of each employee;



1 (3) Total all hours worked and wages paid to eligible
2 employees employed by the taxpayer; and

3 (4) Certify the amount of the tax credit for each taxable
4 year and cumulative amount of the tax credit.

5 Upon each determination made under this subsection, the
6 department of business, economic development, and tourism shall
7 issue a certificate to the taxpayer verifying information
8 submitted to the department of business, economic development,
9 and tourism, including the number of eligible employees employed
10 by the taxpayer, the credit amount certified for each taxable
11 year, and the cumulative amount of the tax credit during the
12 credit period. The taxpayer shall file the certificate with the
13 taxpayer's tax return with the department of taxation.

14 Notwithstanding the authority of the department of business,
15 economic development, and tourism under this section, the
16 director of taxation may audit and adjust the tax credit amount
17 to conform to the facts.

18 (e) The director of taxation:

19 (1) Shall prepare any forms that may be necessary to claim
20 a tax credit under this section;



1 (2) May require the taxpayer to furnish reasonable
2 information to ascertain the validity of the claim for
3 the tax credit made under this section; and

4 (3) May adopt rules under chapter 91 necessary to
5 effectuate the purposes of this section.

6 (f) If the tax credit under this section exceeds the
7 taxpayer's income tax liability, the excess of the credit over
8 liability may be used as a credit against the taxpayer's income
9 tax liability in subsequent years until exhausted. All claims
10 for the tax credit under this section, including amended claims,
11 shall be filed on or before the end of the twelfth month
12 following the close of the taxable year for which the credit may
13 be claimed. Failure to comply with the foregoing provision
14 shall constitute a waiver of the right to claim the credit.

15 (g) As used in this section, "eligible employee" means a
16 state resident who:

17 (1) Has been living, working, or studying in the
18 continental United States for not less than three
19 years; and

20 (2) Agrees to return to the State for purposes of
21 employment by the taxpayer.



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1 "Eligible employee" does not include a person who was previously
 2 employed in the State by the taxpayer, whose position was
 3 subsequently terminated or eliminated, and who was later rehired
 4 by the taxpayer."

5 SECTION 3. New statutory material is underscored.

6 SECTION 4. This Act, upon its approval, shall apply to
 7 taxable years beginning after December 31, 2024.

INTRODUCED BY:

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H.B. NO. 1732

Report Title:

Kamaaina Come Home Income Tax Credit

Description:

Establishes an income tax credit for employers to hire state residents who have been living, working, or studying on the mainland for three or more years and agree to return to Hawaii.

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

