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# A BILL FOR AN ACT

RELATING TO INCOME TAX CREDITS.

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

1           SECTION 1. The legislature finds that there are  
2 significant benefits to the State, employers, and employees when  
3 employers allow their employees to telework. Encouraging  
4 employers to allow employees to telework will benefit Hawaii's  
5 job market, improve the expansion of internet and broadband  
6 access in rural communities, reduce traffic congestion and  
7 carbon emissions, and provide benefits to employees by  
8 significantly improving job satisfaction.

9           The legislature also finds that there are more than 135,000  
10 small businesses in Hawaii. A small business is defined as a  
11 business having less than five hundred employees. Small  
12 businesses equate to more than 99.3% of businesses in Hawaii.  
13 In 2020, small businesses employing twenty to ninety-nine  
14 employees created the most job gains.

15           Accordingly, the purpose of this Act is to establish a  
16 telework tax credit to encourage employers to allow their  
17 employees to telework.



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

10 (b) The amount of the tax credit shall be equal to  
11 \$ per qualifying employee, up to a maximum of  
12 \$ .

13 (c) If the tax credit under this section exceeds the  
14 taxpayer's net income tax liability, the excess of credit over  
15 liability may be used as a tax credit against the taxpayer's net  
16 income tax liability in subsequent years until exhausted. All  
17 claims for tax credits under this section, including any amended  
18 claims, shall be filed on or before the end of the twelfth month  
19 following the close of the taxable year for which the credit may  
20 be claimed. Failure to comply with the foregoing provision  
21 shall constitute a waiver of the right to claim the credit.



- 1        (d) The director of taxation:
- 2        (1) Shall prepare any forms that may be necessary to claim
- 3        a tax credit under this section;
- 4        (2) May require the taxpayer to furnish reasonable
- 5        information to ascertain the validity of the claim for
- 6        the tax credit made under this section; and
- 7        (3) May adopt rules under chapter 91 necessary to
- 8        effectuate the purposes of this section.

9        (e) For the purposes of this section:

10       "Qualified taxpayer" means any employer:

- 11       (1) Upon whom an income tax is imposed by this chapter;
- 12       (2) That is a small business; and
- 13       (3) That allows at least thirty per cent of the employer's
- 14       workforce to telework.

15       "Qualifying employee" means an employee of a qualified

16       taxpayer who is allowed to telework at least two-thirds of the

17       time that the employee is expected to work.

18       "Small business" means a for-profit corporation, limited

19       liability company, partnership, limited partnership, sole

20       proprietorship, or other legal entity that:

- 21       (1) Is domiciled and authorized to do business in Hawaii;



- 1        (2) Is independently owned and operated; and
- 2        (3) Employs fewer than one hundred full-time or part-time
- 3        employees in Hawaii.

4        "Telework" means an alternative work arrangement whereby  
5 employees perform the normal duties and responsibilities of  
6 their positions through the use of telecommunication devices,  
7 either at their residence or another location apart from the  
8 employees' usual place of work."

9        SECTION 3. New statutory material is underscored.

10       SECTION 4. This Act, upon its approval, shall apply to  
11 taxable years beginning after December 31, 2023.

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INTRODUCED BY: *Jamel S. King*

JAN 19 2024



# H.B. NO. 1910

**Report Title:**

Telework; Tax Credits; Small Business; Employers; Employees

**Description:**

Establishes a telework tax credit for small business employers who allow telework for at least 30% of their employees.

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

