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# 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 Hawaii National  
2 Guard has been vital to the safety and protection of the people  
3 of Hawaii from floods, hurricanes, lava eruptions, and  
4 wildfires. Soldiers and airmen of the Hawaii National Guard  
5 support the local communities in response to natural disasters,  
6 human-caused crises, and the unique needs of the State. Retired  
7 service members of the Hawaii National Guard are often the first  
8 line of volunteers in an emergency event because of their strong  
9 military training and specialized skills.

10           The legislature further finds that retired service members  
11 of the Hawaii National Guard have made significant personal,  
12 family, and financial sacrifices. Although these retirees  
13 recognized their duty and proudly served their nation, the call-  
14 up undeniably disrupted their personal and professional lives.  
15 While in service, many suffered a loss of income while still  
16 having to meet rents and mortgages, car payments, childcare  
17 costs, tuition fees, and a host of other expenses.



1           The legislature recognizes that retired service members of  
2 the Hawaii National Guard represent an asset to the State's  
3 economy and communities. States have created various tax  
4 benefits for former or retired military service members. For  
5 example, Minnesota offers an income tax credit for past military  
6 service. Maryland established tax incentives for small business  
7 owners to hire veterans.

8           As of 2021, 4,500 retired Hawaii National Guard service  
9 members reside in the State. The legislature finds that  
10 expanded tax benefits will help keep these experienced military  
11 retirees home. Accordingly, the purpose of this Act is to  
12 establish an income tax credit for retired service members of  
13 the Hawaii National Guard, subject to an income limitation.

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

17           "§235-     Hawaii national guard retiree income tax credit.

18           (a) A qualified individual taxpayer may claim a tax credit  
19           under this section against the Hawaii state individual net  
20           income tax for past service in the Hawaii national guard. The  
21           tax credit shall be \$3,000.



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(b) The tax credit allowed under this section shall be claimed against the net income tax liability for the taxable year. All claims for the tax credit under this section, including amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit.

(c) No taxpayer shall be allowed the tax credit under this section if the taxpayer excludes from taxation any compensation received in the form of a pension for past services under section 235-7.

(d) The director of taxation shall prepare any forms that may be necessary to claim a tax credit under this section. The director may also require the taxpayer to furnish reasonable information to ascertain the validity of the claim for the tax credit made under this section and may adopt rules under chapter 91 necessary to effectuate the purposes of this section.

(e) As used in this section, "qualified individual taxpayer" means a taxpayer who:





# H.B. NO. 574

**Report Title:**

Hawaii National Guard; Retirees; Income Tax Credit

**Description:**

Establishes an income tax credit of \$3,000 for retired service members of the Hawaii National Guard.

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

