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

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

14 (d) The director of taxation shall prepare any forms that
15 may be necessary to claim a tax credit under this section. The
16 director may also require the taxpayer to furnish reasonable
17 information to ascertain the validity of the claim for the tax
18 credit made under this section and may adopt rules under chapter
19 91 necessary to effectuate the purposes of this section.

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



(1) Files a Hawaii individual income tax return for a
taxable year;

(2) Has an adjusted gross income of less than \$77,950;

(3) Separated from the Hawaii national guard before the
end of the taxable year; and

(4) Has met one of the following criteria:

(A) Has served at least 20 years in the Hawaii
national guard;

(B) Has a service-connected disability rating of 100 percent for a total and permanent disability that was incurred in, or aggravated during, service in the Hawaii national guard; or

(C) Is eligible for compensation from a pension or other retirement pay for service in the Hawaii national guard.

SECTION 3. New statutory material is underscored.

SECTION 4. This Act, upon its approval, shall apply to taxable years beginning after December 31, 2025.

INTRODUCED BY:

: James M. [Signature]
JAN 17 2025



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.

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