
A BILL FOR AN ACT

RELATING TO INCOME TAX BRACKETS.

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

1 SECTION 1. The tax review commission, in its most recent
2 report, stated that the state income tax brackets are so
3 compressed that people on public assistance pay income taxes,
4 while the highest rate for married taxpayers filing jointly
5 begins when their taxable income reaches just over \$80,000.
6 Today, the median income of a family of four in Hawaii, with
7 both parents working, is approximately \$70,000. This means that
8 if this hypothetical middle class family earned only \$900 more
9 each month, they would be taxed in the same bracket as a family
10 with an annual income of \$900,000.

11 The legislature finds that the current Hawaii income
12 taxation tables actually impose a financial penalty on most
13 middle class families in Hawaii. Comparisons with the average
14 income in other states are meaningless when the cost of housing,
15 food and clothing, education, and transportation are factored
16 in. In reality, a \$70,000 family income in Hawaii buys much
17 less than a \$70,000 family income in most other cities in the



1 United States. Hawaii's income tax brackets need to reflect
2 this reality.

3 The purpose of this Act is to adjust the state income tax
4 brackets to bring the tax laws more in line with the economic
5 realities of the high cost of living in Hawaii and to bring
6 long-term tax relief to low- and middle-income families.

7 SECTION 2. Section 235-51, Hawaii Revised Statutes, is
8 amended by amending subsections (a), (b), (c), and (d) to read
9 as follows:

10 "(a) There is hereby imposed on the taxable income of (1)
11 every taxpayer who files a joint return under section 235-93;
12 and (2) every surviving spouse a tax determined in accordance
13 with the following table:

14 ~~[In the case of any taxable year beginning after~~
15 ~~December 31, 1998:~~

16	If the taxable income is:	The tax shall be:
17	Not over \$4,000	1.60% of taxable income
18	Over \$4,000 but	\$64.00 plus 3.90% of
19	not over \$8,000	excess over \$4,000
20	Over \$8,000 but	\$220.00 plus 6.80% of
21	not over \$16,000	excess over \$8,000
22	Over \$16,000 but	\$764.00 plus 7.20% of

1	not over \$24,000	excess over \$16,000
2	Over \$24,000 but	\$1,340.00 plus 7.50% of
3	not over \$32,000	excess over \$24,000
4	Over \$32,000 but	\$1,940.00 plus 7.80% of
5	not over \$40,000	excess over \$32,000
6	Over \$40,000 but	\$2,564.00 plus 8.20% of
7	not over \$60,000	excess over \$40,000
8	Over \$60,000 but	\$4,204.00 plus 8.50% of
9	not over \$80,000	excess over \$60,000
10	Over \$80,000	\$5,904.00 plus 8.75% of
11		excess over \$80,000

12 ~~In the case of any taxable year beginning after~~
13 ~~December 31, 2000:~~

14	If the taxable income is:	The tax shall be:
15	Not over \$4,000	1.50% of taxable income
16	Over \$4,000 but	\$60.00 plus 3.70% of
17	not over \$8,000	excess over \$4,000
18	Over \$8,000 but	\$208.00 plus 6.40% of
19	not over \$16,000	excess over \$8,000
20	Over \$16,000 but	\$720.00 plus 6.90% of
21	not over \$24,000	excess over \$16,000
22	Over \$24,000 but	\$1,272.00 plus 7.30% of

1	not over \$32,000	excess over \$24,000
2	Over \$32,000 but	\$1,856.00 plus 7.60% of
3	not over \$40,000	excess over \$32,000
4	Over \$40,000 but	\$2,464.00 plus 7.90% of
5	not over \$60,000	excess over \$40,000
6	Over \$60,000 but	\$4,044.00 plus 8.20% of
7	not over \$80,000	excess over \$60,000
8	Over \$80,000	\$5,684.00 plus 8.50% of
9		excess over \$80,000]

10 In the case of any taxable year beginning after
 11 December 31, 2001:

12	If the taxable income is:	The tax shall be:
13	Not over \$4,000	1.40% of taxable income
14	Over \$4,000 but	\$56.00 plus 3.20% of
15	not over \$8,000	excess over \$4,000
16	Over \$8,000 but	\$184.00 plus 5.50% of
17	not over \$16,000	excess over \$8,000
18	Over \$16,000 but	\$624.00 plus 6.40% of
19	not over \$24,000	excess over \$16,000
20	Over \$24,000 but	\$1,136.00 plus 6.80% of
21	not over \$32,000	excess over \$24,000
22	Over \$32,000 but	\$1,680.00 plus 7.20% of

1	not over \$40,000	excess over \$32,000
2	Over \$40,000 but	\$2,256.00 plus 7.60% of
3	not over \$60,000	excess over \$40,000
4	Over \$60,000 but	\$3,776.00 plus 7.90% of
5	not over \$80,000	excess over \$60,000
6	Over \$80,000	\$5,356.00 plus 8.25% of
7		excess over \$80,000.

8 In the case of any taxable year beginning after

9 December 31, 2006:

10	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
11	<u>Not over \$8,000</u>	<u>\$0</u>
12	<u>Over \$8,000 but</u>	<u>\$56.00 plus 3.20% of</u>
13	<u>not over \$16,000</u>	<u>excess over \$8,000</u>
14	<u>Over \$16,000 but</u>	<u>\$184.00 plus 5.50% of</u>
15	<u>not over \$24,000</u>	<u>excess over \$16,000</u>
16	<u>Over \$24,000 but</u>	<u>\$624.00 plus 6.40% of</u>
17	<u>not over \$32,000</u>	<u>excess over \$24,000</u>
18	<u>Over \$32,000 but</u>	<u>\$1,136.00 plus 6.80% of</u>
19	<u>not over \$40,000</u>	<u>excess over \$32,000</u>
20	<u>Over \$40,000 but</u>	<u>\$1,680.00 plus 7.20% of</u>
21	<u>not over \$60,000</u>	<u>excess over \$40,000</u>
22	<u>Over \$60,000 but</u>	<u>\$2,256.00 plus 7.60% of</u>



1	<u>not over \$80,000</u>	<u>excess over \$60,000</u>
2	<u>Over \$80,000 but</u>	<u>\$3,776.00 plus 7.90% of</u>
3	<u>not over \$100,000</u>	<u>excess over \$80,000</u>
4	<u>Over \$100,000</u>	<u>\$5,356 plus 8.25% of</u>
5		<u>excess over \$100,000.</u>

6 (b) There is hereby imposed on the taxable income of every
7 head of a household a tax determined in accordance with the
8 following table:

9 ~~[In the case of any taxable year beginning after~~
10 ~~December 31, 1998:~~

11	If the taxable income is:	The tax shall be:
12	Not over \$3,000	1.60% of taxable income
13	Over \$3,000 but	\$48.00 plus 3.90% of
14	not over \$6,000	excess over \$3,000
15	Over \$6,000 but	\$165.00 plus 6.80% of
16	not over \$12,000	excess over \$6,000
17	Over \$12,000 but	\$573.00 plus 7.20% of
18	not over \$18,000	excess over \$12,000
19	Over \$18,000 but	\$1,005.00 plus 7.50% of
20	not over \$24,000	excess over \$18,000
21	Over \$24,000 but	\$1,455.00 plus 7.80% of
22	not over \$30,000	excess over \$24,000



1	Over \$30,000 but	\$1,923.00 plus 8.20% of
2	not over \$45,000	excess over \$30,000
3	Over \$45,000 but	\$3,153.00 plus 8.50% of
4	not over \$60,000	excess over \$45,000
5	Over \$60,000	\$4,428.00 plus 8.75% of
6		excess over \$60,000
7	In the case of any taxable year beginning after	
8	December 31, 2000:	
9	If the taxable income is:	The tax shall be:
10	Not over \$3,000	1.50% of taxable income
11	Over \$3,000 but	\$45.00 plus 3.70% of
12	not over \$6,000	excess over \$3,000
13	Over \$6,000 but	\$156.00 plus 6.40% of
14	not over \$12,000	excess over \$6,000
15	Over \$12,000 but	\$540.00 plus 6.90% of
16	not over \$18,000	excess over \$12,000
17	Over \$18,000 but	\$954.00 plus 7.30% of
18	not over \$24,000	excess over \$18,000
19	Over \$24,000 but	\$1,392.00 plus 7.60% of
20	not over \$30,000	excess over \$24,000
21	Over \$30,000 but	\$1,848.00 plus 7.90% of
22	not over \$45,000	excess over \$30,000



1 ~~Over \$45,000 but~~ ~~\$3,033.00 plus 8.20% of~~
2 ~~not over \$60,000~~ ~~excess over \$45,000~~
3 ~~Over \$60,000~~ ~~\$4,263.00 plus 8.50% of~~
4 ~~excess over \$60,000]~~

5 In the case of any taxable year beginning after
6 December 31, 2001:

7	If the taxable income is:	The tax shall be:
8	Not over \$3,000	1.40% of taxable income
9	Over \$3,000 but	\$42.00 plus 3.20% of
10	not over \$6,000	excess over \$3,000
11	Over \$6,000 but	\$138.00 plus 5.50% of
12	not over \$12,000	excess over \$6,000
13	Over \$12,000 but	\$468.00 plus 6.40% of
14	not over \$18,000	excess over \$12,000
15	Over \$18,000 but	\$852.00 plus 6.80% of
16	not over \$24,000	excess over \$18,000
17	Over \$24,000 but	\$1,260.00 plus 7.20% of
18	not over \$30,000	excess over \$24,000
19	Over \$30,000 but	\$1,692.00 plus 7.60% of
20	not over \$45,000	excess over \$30,000
21	Over \$45,000 but	\$2,832.00 plus 7.90% of
22	not over \$60,000	excess over \$45,000

1	<u>Over \$60,000 but</u>	<u>\$2,832.00 plus 7.9% of</u>
2	<u>not over \$80,000</u>	<u>excess over \$60,000</u>
3	<u>Over \$80,000</u>	<u>\$4,017.00 plus 8.25% of</u>
4		<u>excess over \$80,000.</u>

5 (c) There is hereby imposed on the taxable income of (1)
6 every unmarried individual (other than a surviving spouse, or
7 the head of a household) and (2) on the taxable income of every
8 married individual who does not make a single return jointly
9 with the individual's spouse under section 235-93 a tax
10 determined in accordance with the following table:

11 ~~[In the case of any taxable year beginning after~~
12 ~~December 31, 1998:~~

13	If the taxable income is:	The tax shall be:
14	Not over \$2,000	1.60% of taxable income
15	Over \$2,000 but	\$32.00 plus 3.90% of
16	not over \$4,000	excess over \$2,000
17	Over \$4,000 but	\$110.00 plus 6.80% of
18	not over \$8,000	excess over \$4,000
19	Over \$8,000 but	\$382.00 plus 7.20% of
20	not over \$12,000	excess over \$8,000
21	Over \$12,000 but	\$670.00 plus 7.50% of
22	not over \$16,000	excess over \$12,000



1	Over \$16,000 but	\$970.00 plus 7.80% of
2	not over \$20,000	excess over \$16,000
3	Over \$20,000 but	\$1,282.00 plus 8.20% of
4	not over \$30,000	excess over \$20,000
5	Over \$30,000 but	\$2,102.00 plus 8.50% of
6	not over \$40,000	excess over \$30,000
7	Over \$40,000	\$2,952.00 plus 8.75% of
8		excess over \$40,000
9	In the case of any taxable year beginning after	
10	December 31, 2000:	
11	If the taxable income is:	The tax shall be:
12	Not over \$2,000	1.50% of taxable income
13	Over \$2,000 but	\$30.00 plus 3.70% of
14	not over \$4,000	excess over \$2,000
15	Over \$4,000 but	\$104.00 plus 6.40% of
16	not over \$8,000	excess over \$4,000
17	Over \$8,000 but	\$360.00 plus 6.90% of
18	not over \$12,000	excess over \$8,000
19	Over \$12,000 but	\$636.00 plus 7.30% of
20	not over \$16,000	excess over \$12,000
21	Over \$16,000 but	\$928.00 plus 7.60% of
22	not over \$20,000	excess over \$16,000



1	Over \$20,000 but	\$1,232.00 plus 7.90% of
2	not over \$30,000	excess over \$20,000
3	Over \$30,000 but	\$2,022.00 plus 8.20% of
4	not over \$40,000	excess over \$30,000
5	Over \$40,000	\$2,842.00 plus 8.50% of
6		excess over \$40,000]

7 In the case of any taxable year beginning after
8 December 31, 2001:

9	If the taxable income is:	The tax shall be:
10	Not over \$2,000	1.40% of taxable income
11	Over \$2,000 but	\$28.00 plus 3.20% of
12	not over \$4,000	excess over \$2,000
13	Over \$4,000 but	\$92.00 plus 5.50% of
14	not over \$8,000	excess over \$4,000
15	Over \$8,000 but	\$312.00 plus 6.40% of
16	not over \$12,000	excess over \$8,000
17	Over \$12,000 but	\$568.00 plus 6.80% of
18	not over \$16,000	excess over \$12,000
19	Over \$16,000 but	\$840.00 plus 7.20% of
20	not over \$20,000	excess over \$16,000
21	Over \$20,000 but	\$1,128.00 plus 7.60% of
22	not over \$30,000	excess over \$20,000



1	Over \$30,000 but	\$1,888.00 plus 7.90% of
2	not over \$40,000	excess over \$30,000
3	Over \$40,000	\$2,678.00 plus 8.25% of
4		excess over \$40,000.

5 In the case of any taxable year beginning after
6 December 31, 2006:

7	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
8	<u>Not over \$4,000</u>	<u>0</u>
9	<u>Over \$4,000 but</u>	<u>\$28.00 plus 3.20% of</u>
10	<u>not over \$8,000</u>	<u>excess over \$4,000</u>
11	<u>Over \$8,000 but</u>	<u>\$92.00 plus 5.50% of</u>
12	<u>not over \$12,000</u>	<u>excess over \$8,000</u>
13	<u>Over \$12,000 but</u>	<u>\$312.00 plus 6.40% of</u>
14	<u>not over \$16,000</u>	<u>excess over \$12,000</u>
15	<u>Over \$16,000 but</u>	<u>\$568.00 plus 6.80% of</u>
16	<u>not over \$20,000</u>	<u>excess over \$16,000</u>
17	<u>Over \$20,000 but</u>	<u>\$840.00 plus 7.20% of</u>
18	<u>not over \$30,000</u>	<u>excess over \$20,000</u>
19	<u>Over \$30,000 but</u>	<u>\$1,128.00 plus 7.60% of</u>
20	<u>not over \$40,000</u>	<u>excess over \$30,000</u>
21	<u>Over \$40,000 but</u>	<u>\$1,888.00 plus 7.90% of</u>
22	<u>not over \$50,000</u>	<u>excess over \$40,000</u>



1	<u>Over \$50,000 but</u>	<u>\$2,678.00 plus 8.25% of</u>
2	<u>not over \$60,000</u>	<u>excess over \$50,000</u>
3	<u>Over \$60,000</u>	<u>\$ _____ plus _____ % of</u>
4		<u>excess over \$60,000.</u>

5 (d) The tax imposed by section 235-2.45 on estates and
 6 trusts shall be determined in accordance with the following
 7 table:

8 ~~[In the case of any taxable year beginning after~~
 9 ~~December 31, 1998:~~

10	If the taxable income is:	The tax shall be:
11	Not over \$2,000	1.60% of taxable income
12	Over \$2,000 but	\$32.00 plus 3.90% of
13	not over \$4,000	excess over \$2,000
14	Over \$4,000 but	\$110.00 plus 6.80% of
15	not over \$8,000	excess over \$4,000
16	Over \$8,000 but	\$382.00 plus 7.20% of
17	not over \$12,000	excess over \$8,000
18	Over \$12,000 but	\$670.00 plus 7.50% of
19	not over \$16,000	excess over \$12,000
20	Over \$16,000 but	\$970.00 plus 7.80% of
21	not over \$20,000	excess over \$16,000
22	Over \$20,000 but	\$1,282.00 plus 8.20% of



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1	not over \$30,000	excess over \$20,000
2	Over \$30,000 but	\$2,102.00 plus 8.50% of
3	not over \$40,000	excess over \$30,000
4	Over \$40,000	\$2,952.00 plus 8.75% of
5		excess over \$40,000
6	In the case of any taxable year beginning after	
7	December 31, 2000:	
8	If the taxable income is:	The tax shall be:
9	Not over \$2,000	1.50% of taxable income
10	Over \$2,000 but	\$30.00 plus 3.70% of
11	not over \$4,000	excess over \$2,000
12	Over \$4,000 but	\$104.00 plus 6.40% of
13	not over \$8,000	excess over \$4,000
14	Over \$8,000 but	\$360.00 plus 6.90% of
15	not over \$12,000	excess over \$8,000
16	Over \$12,000 but	\$636.00 plus 7.30% of
17	not over \$16,000	excess over \$12,000
18	Over \$16,000 but	\$928.00 plus 7.60% of
19	not over \$20,000	excess over \$16,000
20	Over \$20,000 but	\$1,232.00 plus 7.90% of
21	not over \$30,000	excess over \$20,000
22	Over \$30,000 but	\$2,022.00 plus 8.20% of

excess over \$40,000.

In the case of any taxable year beginning after

December 31, 2006:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
Not over \$4,000	0
Over \$4,000 but not over \$8,000	\$28.00 plus 3.20% of excess over \$4,000
Over \$8,000 but not over \$12,000	\$92.00 plus 5.50% of excess over \$8,000
Over \$12,000 but not over \$16,000	\$312.00 plus 6.40% of excess over \$12,000
Over \$16,000 but not over \$20,000	\$568.00 plus 6.80% of excess over \$16,000
Over \$20,000 but not over \$30,000	\$840.00 plus 7.20% of excess over \$20,000
Over \$30,000 but not over \$40,000	\$1,128.00 plus 7.60% of excess over \$30,000
Over \$40,000 but not over \$50,000	\$1,888.00 plus 7.90% of excess over \$40,000
Over \$50,000 but not over \$60,000	\$2,678.00 plus 8.25% of excess over \$50,000

HB 1794

Report Title:
Income Tax Brackets

Description:
Revises the state income tax brackets.

