
A BILL FOR AN ACT

RELATING TO NET INCOME TAX CREDIT FOR FOOD, MEDICAL SERVICES,
AND NONPRESCRIPTION DRUGS.

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

1 SECTION 1. The purpose of this Act is to provide economic
2 relief for struggling working families earning \$50,000 or less
3 per year by establishing a refundable tax credit for food,
4 medical services, and nonprescription drugs. This Act shall be
5 known as the "Working Families' Tax Credit for Food, Medical
6 Services, and Nonprescription Drugs."

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

10 "§235- Tax credit for food, medical services, and
11 nonprescription drugs. (a) Each resident individual taxpayer,
12 who files an individual income tax return for a taxable year,
13 and who is not claimed or is not otherwise eligible to be
14 claimed as a dependent by another taxpayer for federal or Hawaii
15 state individual income tax purposes, may claim a refundable tax
16 credit for food, medical services, and nonprescription drugs
17 against the taxpayer's individual income tax liability for the



1 taxable year for which the individual income tax return is being
2 filed; provided that a resident individual who has no income or
3 no income taxable under this chapter and who is not claimed or
4 is not otherwise eligible to be claimed as a dependent by a
5 taxpayer for federal or Hawaii state individual income tax
6 purposes may claim this credit.

7 (b) Each resident individual taxpayer with an adjusted
8 gross income, as defined by the Internal Revenue Code, of
9 \$50,000 or less may claim a refundable tax credit for food,
10 medical services, and nonprescription drugs in the amount of
11 \$100 multiplied by the number of qualified exemptions to which
12 the taxpayer is entitled; provided further that a husband and
13 wife filing separate tax returns for a taxable year for which a
14 joint return could have been filed by them shall claim only the
15 tax credit to which they would have been entitled had a joint
16 return been filed.

17 (c) For purposes of this section, a qualified exemption is
18 defined to include those exemptions permitted under this
19 chapter; provided that a person for whom an exemption is claimed
20 was physically present in the state for more than nine months
21 during the taxable year. For purposes of claiming this credit
22 only, a minor child receiving support from the department of



1 human services, social security survivor's benefits, and the
2 like, who would not otherwise be considered a dependent, may be
3 considered a dependent and a qualified exemption of the parent
4 or guardian.

5 (d) The tax credit under this section shall not be
6 available to:

7 (1) Any person who has been convicted of a felony and who
8 has been committed to prison and has been physically
9 confined for the full taxable year;

10 (2) Any person who would otherwise be eligible to be
11 claimed as a dependent but who has been committed to a
12 youth correctional facility and has resided at the
13 facility for the full taxable year; or

14 (3) Any misdemeanor who has been committed to jail and
15 has been physically confined for the full taxable
16 year.

17 (e) The tax credit claimed by a resident taxpayer pursuant
18 to this section shall be deductible from the resident taxpayer's
19 individual income tax liability, if any, for the tax year in
20 which they are properly claimed. If the tax credits claimed by
21 a resident taxpayer exceed the amount of income tax payment due
22 from the resident taxpayer, the excess of credits over payments



1 due shall be refunded to the resident taxpayer; provided that
2 tax credits properly claimed by a resident individual who has no
3 income tax liability shall be paid to the resident individual;
4 and provided further that no refunds or payments on account of
5 the tax credits allowed by this section shall be made for
6 amounts less than \$1.

7 (f) All claims for tax credits under this section,
8 including any amended claims, shall be filed on or before the
9 end of the twelfth month following the close of the taxable year
10 for which the credits may be claimed. Failure to comply with
11 the foregoing provisions shall constitute a waiver of the right
12 to claim the credit.

13 (g) The director of taxation shall submit to the
14 legislature an annual report of the profiles of individuals
15 claiming the tax credit."

16 SECTION 3. New statutory material is underscored.

17 SECTION 4. This Act shall take effect upon its approval
18 and shall apply to taxable years beginning after December 31,
19 2005; provided that it shall be repealed on July 1, 2010.



HB 2415 HD1

Report Title:

Taxes; tax credit

Description:

Establishes a refundable tax credit for food, medical services, and nonprescription drugs. (HB2415 HD1)

HB2415 HD1 HMS 2006-1668

