
A BILL FOR AN ACT

RELATING TO INCOME TAX CREDIT.

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

1 SECTION 1. The legislature finds that Article VII,
2 section 6, of the Constitution of the State of Hawaii requires
3 the legislature to provide a tax refund or tax credit when
4 certain factors are met. The legislature finds that these
5 factors have been met for the second year in a row and that the
6 legislature is constitutionally required to provide a tax credit
7 or tax refund to taxpayers.

8 The purpose of this Act is to provide for a one-time income
9 tax credit to satisfy constitutionally mandated requirements.

10 SECTION 2. (a) There shall be allowed for each resident
11 individual taxpayer for the taxable year 2007, a refundable
12 one-time general income tax credit that shall be deducted from
13 income tax liability computed under chapter 235, Hawaii Revised
14 Statutes; provided that no refunds or payments on account of the
15 tax credits allowed by this section shall be made for amounts
16 less than \$1.



1 (b) There shall be allowed to a husband and wife who file
2 a joint return a one-time general income tax credit in
3 accordance with the following table:

4 If the adjusted gross income is:	The credit shall be:
5 Under \$5,000	\$160
6 \$5,000 and over but under \$10,000	150
7 \$10,000 and over but under \$15,000	140
8 \$15,000 and over but under \$20,000	130
9 \$20,000 and over but under \$30,000	120
10 \$30,000 and over but under \$40,000	110
11 \$40,000 and over but under \$50,000	100
12 \$50,000 and over but under \$60,000	90
13 \$60,000 and over	0.

14 (c) There shall be allowed to every taxpayer filing a head
15 of household tax return a one-time general income tax credit in
16 accordance with the following table:

17 If the adjusted gross income is:	The credit shall be:
18 Under \$5,000	\$140
19 \$5,000 and over but under \$10,000	130
20 \$10,000 and over but under \$15,000	120
21 \$15,000 and over but under \$20,000	110
22 \$20,000 and over but under \$30,000	100



1	\$30,000 and over but under \$40,000	90
2	\$40,000 and over but under \$50,000	80
3	\$50,000 and over but under \$60,000	70
4	\$60,000 and over	0.

5 (d) There shall be allowed to every (1) unmarried
6 individual (other than a surviving spouse, or the head of
7 household) and (2) married individual filing a separate tax
8 return a one-time general income tax credit in accordance with
9 the following table:

10	If the adjusted gross income is:	The credit shall be:
11	Under \$5,000	\$65
12	\$5,000 and over but under \$10,000	55
13	\$10,000 and over but under \$15,000	45
14	\$15,000 and over but under \$20,000	35
15	\$20,000 and over but under \$30,000	25
16	\$30,000 and over	0.

17 SECTION 3. (a) Each taxpayer that claims the one-time
18 general income tax credit shall have been a resident of the
19 state, as defined in section 235-1, Hawaii Revised Statutes, for
20 at least nine months regardless of whether the resident was
21 physically in the state for nine months.



1 (b) The one-time general income tax credit shall not be
2 available to:

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

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

10 (3) Any misdemeanor who has been committed to jail and
11 has been physically confined for the full taxable
12 year.

13 (c) The tax credit claimed by a resident taxpayer pursuant
14 to this Act shall be deductible from the taxpayer's individual
15 income tax liability for the taxable year 2007. If the tax
16 credit claimed by a resident taxpayer exceeds the amount of
17 income tax payment due from the resident taxpayer, the excess of
18 credits over payments due shall be refunded to the resident
19 taxpayer; provided that a tax credit properly claimed by a
20 resident individual who has no income tax liability shall be
21 paid to the resident individual.



1 (d) All claims for tax credits under this Act, including
2 any amended claims, shall be filed on or before the end of the
3 twelfth month following the close of the taxable year for which
4 the credits may be claimed. Failure to comply with this filing
5 requirement shall constitute a waiver of the right to claim the
6 credit.

7 (e) A husband and wife who do not file a joint tax return,
8 shall only be entitled to claim the one-time general income tax
9 credit to the extent that they would have been entitled to the
10 one-time general income tax credit had they filed a joint tax
11 return.

12 (f) The tax refund paid to a resident taxpayer pursuant to
13 this Act shall not be included in the resident taxpayer's gross
14 income.

15 (g) For the purpose this Act, "adjusted gross income"
16 means adjusted gross income as defined by the Internal Revenue
17 Code.

18 SECTION 4. This Act implements the provisions of article
19 VII, section 6, of the Constitution of the State of Hawaii,
20 enacted by the 1978 constitutional convention, which reads as
21 follows:



1 "DISPOSITION OF EXCESS REVENUES

2 Section 6. Whenever the state general fund balance at the
3 close of each of two successive fiscal years exceeds five
4 percent of general fund revenues for each of the two fiscal
5 years, the legislature in the next regular session shall provide
6 for a tax refund or tax credit to the taxpayers of the State, as
7 provided by law."

8 SECTION 5. This Act shall take effect upon its approval and
9 shall apply to the taxable year beginning after December 31,
10 2006.



S.B. NO. 148
S.D. 2
H.D. 1
C.D. 2

Report Title:

Mandatory tax credit; Constitution

Description:

Provides a mandatory tax credit to taxpayers pursuant to article VII, section 6, of the Hawaii State Constitution. (SB148 CD1)

SB148 CD2 HMS 2007-4280

