THE SENATE TWENTY-FOURTH LEGISLATURE, 2007 STATE OF HAWAII S.B. NO. ¹⁴⁸ S.D. 2 H.D. 1 C.D. 2

A BILL FOR AN ACT

RELATING TO INCOME TAX CREDIT.

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

SECTION 1. The legislature finds that Article VII, 1 section 6, of the Constitution of the State of Hawaii requires 2 the legislature to provide a tax refund or tax credit when 3 4 certain factors are met. The legislature finds that these factors have been met for the second year in a row and that the 5 legislature is constitutionally required to provide a tax credit 6 or tax refund to taxpayers. 7 8 The purpose of this Act is to provide for a one-time income tax credit to satisfy constitutionally mandated requirements. 9 SECTION 2. (a) There shall be allowed for each resident 10 individual taxpayer for the taxable year 2007, a refundable 11 12 one-time general income tax credit that shall be deducted from 13 income tax liability computed under chapter 235, Hawaii Revised Statutes; provided that no refunds or payments on account of the 14 tax credits allowed by this section shall be made for amounts 15 less than \$1. 16



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	(b) There shall be allowed to a husband and wife who file
	a joint return a one-time general income tax credit in
	accordance with the following table:
	If the adjusted gross income is: The credit shall be:
	Under \$5,000 \$160
	\$5,000 and over but under \$10,000 150
	\$10,000 and over but under \$15,000 140
	\$15,000 and over but under \$20,000 130
	\$20,000 and over but under \$30,000 120
	\$30,000 and over but under \$40,000 110
	\$40,000 and over but under \$50,000 100
	\$50,000 and over but under \$60,000 90
	\$60,000 and over 0.
	(c) There shall be allowed to every taxpayer filing a head
	of household tax return a one-time general income tax credit in
,	accordance with the following table:
	If the adjusted gross income is: The credit shall be:
•	Under \$5,000 \$140
Ì	\$5,000 and over but under \$10,000 130
I	\$10,000 and over but under \$15,000 120
	\$15,000 and over but under \$20,000 110

\$20,000 and over but under \$30,000



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

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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.

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(b) The one-time general income tax credit shall not be
 available to:
 (1) Any person who has been convicted of a felony and who
 has been committed to prison and has been physically
 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 misdemeanant who has been committed to jail and
11 has been physically confined for the full taxable
12 year.

The tax credit claimed by a resident taxpayer pursuant 13 (c)14 to this Act shall be deductible from the taxpayer's individual income tax liability for the taxable year 2007. If the tax 15 16 credit claimed by a resident taxpayer exceeds the amount of income tax payment due from the resident taxpayer, the excess of 17 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.

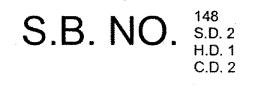
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1 (d) All claims for tax credits under this Act, including 2 any amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which 3 4 the credits may be claimed. Failure to comply with this filing requirement shall constitute a waiver of the right to claim the 5 credit. 6 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. SECTION 4. This Act implements the provisions of article 18 19 VII, section 6, of the Constitution of the State of Hawaii, 20 enacted by the 1978 constitutional convention, which reads as

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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.



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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)

