
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 proposals to exempt
2 transactions from the general excise tax should be weighed
3 carefully. In general, exemption of transactions primarily
4 affecting consumers is undesirable. The state tax review
5 commission cautions against approving proposals to exempt health
6 care services, food, apparel, or shelter, for example. The tax
7 review commission suggests that if the legislature finds it
8 desirable to grant a tax relief on equity grounds, that it
9 should pursue those goals either through low-income tax credits
10 against income taxes or through the appropriation and
11 expenditure process, which enhances transparency and
12 accountability.

13 The purpose of this Act is to establish a food income tax
14 credit.

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



1 "§235- Food tax credit. (a) Each resident individual
2 taxpayer, who files an individual income tax return for a
3 taxable year, and who is not claimed of is not otherwise
4 eligible to be claimed as a dependent by another taxpayer for
5 federal or Hawaii state individual income tax purposes, may
6 claim a food tax credit against the resident taxpayer's
7 individual income tax liability for the taxable year for which
8 the individual income tax return is being filed; provided that a
9 resident individual who has no income or no income taxable under
10 this chapter and who is not claimed or is not otherwise eligible
11 to be claimed as a dependent by a taxpayer for federal or Hawaii
12 state individual income tax purposes may claim this credit.

13 (b) Each resident individual taxpayer may claim a tax
14 credit in the amount of \$ multiplied by the number of
15 qualified exemptions to which the taxpayer is entitled; provided
16 that no additional tax credit shall be claimed because of age.
17 A husband and wife filing separate tax returns for a taxable
18 year for which a joint return could have been filed by them may
19 each claim \$ under this subsection.

20 (c) For the purposes of this section, a qualified
21 exemption shall include exemptions permitted under this chapter;
22 provided that a person for whom an exemption is claimed has



1 physically resided in the State for more than nine months during
2 the taxable year; and provided further that multiple exemptions
3 shall not be granted because of deficiencies in vision or
4 hearing, or other disability. For purposes of claiming the
5 credit only, a minor child receiving support from the department
6 of human services of the State, social security survivor's
7 benefits, and the like, may be considered a dependent and a
8 qualified exemption of the parent or guardian.

9 (d) The tax credit under this section shall not be
10 available to:

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

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

18 (3) Any misdemeanor who has been committed to jail and
19 has been physically confined for the full taxable
20 year.

21 (e) The tax credit claimed by a resident taxpayer pursuant
22 to this section shall be deductible from the resident taxpayer's



1 individual income tax liability, if any, for the tax year in
2 which it is properly claimed. If the tax credit claimed by a
3 resident taxpayer exceeds the amount of income tax payment due
4 from the resident taxpayer, the excess of credit over payment
5 due shall be refunded to the resident taxpayer; provided that
6 the tax credit properly claimed by a resident individual who has
7 no income tax liability shall be paid to the resident
8 individual; and provided further that no refund or payment on
9 account of the tax credit allowed by this section shall be made
10 for an amount less than \$1.

11 (f) All claims for tax credits under this section,
12 including any amended claims, must be filed on or before the end
13 of the twelfth month following the close of the taxable year for
14 which the credits may be claimed. Failure to comply with the
15 foregoing provision shall constitute a waiver of the right to
16 claim the credit."

17 SECTION 3. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on January 1, 2030,
19 shall apply to taxable years beginning after December 31, 2029.



Report Title:
Food Tax Credit

Description:
Establishes a food tax credit to be claimed against a resident taxpayer's income tax liability for the amount of \$ multiplied by the number of qualified exemptions to which the taxpayer is entitled. (SD1)

