

JAN 18 2008

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, section
2 6, of the Constitution of the State of Hawaii requires the
3 legislature to provide a tax refund or tax credit to the
4 taxpayers of the State when the state general fund balance at
5 the close of each of two successive fiscal years exceeds five
6 per cent of general fund revenues for each of the two fiscal
7 years. The legislature finds that this condition has been met
8 and that the legislature is constitutionally required to provide
9 a tax credit or a tax refund to taxpayers of the State.

10 The purpose of this Act is to provide for an income tax
11 credit of \$ to taxpayers of the State to satisfy the
12 constitutionally mandated requirement.

13 SECTION 2. (a) In addition to any other credit allowed
14 under chapter 235, Hawaii Revised Statutes, there shall be
15 allowed each resident individual taxpayer who qualifies under
16 section 235-4, Hawaii Revised Statutes, a general income tax
17 credit of \$, which shall be deducted from income tax



1 liability computed under chapter 235, Hawaii Revised Statutes.
2 The general income tax credit of \$ shall be multiplied by
3 the number of qualified exemptions as defined in section 235-54,
4 Hawaii Revised Statutes, to which the taxpayer is entitled,
5 regardless of adjusted gross income. Section 235-54, Hawaii
6 Revised Statutes, to the contrary notwithstanding, a taxpayer
7 seeking a qualified exemption shall have been a resident of the
8 State as defined in section 235-1, Hawaii Revised Statutes, for
9 at least nine months whether or not the qualified resident was
10 physically present the State for nine months. For the purposes
11 of this section, multiple exemptions shall not be granted for
12 this credit because of age or deficiencies in vision, hearing,
13 or other disability. The general income tax credit allowed
14 under this section shall be deducted from income tax liability
15 for the taxable year 2008. The amount of the tax credit shall
16 be reasonably calculated to return a total of \$
17 to the people of the State.

18 The tax credit claimed by a resident taxpayer pursuant to
19 this Act shall be deductible from the taxpayer's individual
20 income tax liability for the taxable year 2008. If the tax
21 credit claimed by a resident taxpayer exceeds the amount of
22 income tax payment due from the resident taxpayer, the excess of



1 credits over payments due shall be refunded to the resident
2 taxpayer; provided that a tax credit properly claimed by a
3 resident individual who has no income tax liability shall be
4 paid to the resident individual.

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

11 (b) The credit under this section shall not be available
12 to:

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

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

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



1 (c) This section implements the provisions of article VII,
2 section 6, of the Constitution of the State of Hawaii, which
3 states as follows:

4 "DISPOSITION OF EXCESS REVENUES

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

11 SECTION 3. This Act shall take effect upon its approval.

12

INTRODUCED BY: *Rosalyn H. Baker*



Report Title:

Constitutionally Required Tax Credit

Description:

Provides for a tax credit of \$ for taxable year 2008 pursuant to article VII, section 6 of the Constitution of the State of Hawaii.

