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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. Section 235-2.4, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3           "(a) Section 63 (with respect to taxable income defined) of  
4 the Internal Revenue Code shall be operative for the purposes of  
5 this chapter, except that the standard deduction amount in  
6 section 63(c) of the Internal Revenue Code shall instead mean:

7           (1) [~~\$4,000~~] \$4,400 in the case of:

8                   (A) A joint return as provided by section 235-93; or

9                   (B) A surviving spouse (as defined in section 2(a) of  
10 the Internal Revenue Code);

11           (2) [~~\$2,920~~] \$3,212 in the case of a head of household (as  
12 defined in section 2(b) of the Internal Revenue Code);

13           (3) [~~\$2,000~~] \$2,200 in the case of an individual who is not  
14 married and who is not a surviving spouse or head of  
15 household; or

16           (4) [~~\$2,000~~] \$2,200 in the case of a married individual  
17 filing a separate return.

1 Section 63(c)(4) shall not be operative in this State.

2 Section 63(c)(5) shall be operative, except that the limitation  
3 on basic standard deduction in the case of certain dependents  
4 shall be the greater of \$500 or such individual's earned income.

5 Section 63(f) shall not be operative in this State.

6 The standard deduction amount for nonresidents shall be  
7 calculated pursuant to section 235-5."

8 SECTION 2. Section 235-51, Hawaii Revised Statutes, is  
9 amended by amending subsections (a), (b), and (c) to read as  
10 follows:

11 "(a) There is hereby imposed on the taxable income of (1)  
12 every taxpayer who files a joint return under section 235-93; and  
13 (2) every surviving spouse a tax determined in accordance with  
14 the following table:

15 In the case of any taxable year beginning after December 31,  
16 2001:

If the taxable income is:	The tax shall be:
Not over \$4,000	1.40% of taxable income
Over \$4,000 but not over \$8,000	\$56.00 plus 3.20% of excess over \$4,000
Over \$8,000 but	\$184.00 plus 5.50% of
not over \$16,000	excess over \$8,000

1	Over \$16,000 but	\$624.00 plus 6.40% of
2	not over \$24,000	excess over \$16,000
3	Over \$24,000 but	\$1,136.00 plus 6.80% of
4	not over \$32,000	excess over \$24,000
5	Over \$32,000 but	\$1,680.00 plus 7.20% of
6	not over \$40,000	excess over \$32,000
7	Over \$40,000 but	\$2,256.00 plus 7.60% of
8	not over \$60,000	excess over \$40,000
9	Over \$60,000 but	\$3,776.00 plus 7.90% of
10	not over \$80,000	excess over \$60,000
11	Over \$80,000	\$5,356.00 plus 8.25% of
12		excess over \$80,000.

13 In the case of any taxable year beginning after December 31,  
14 2006:

15	If the taxable income is:	The tax shall be:
16	Not over \$4,800	1.40% of taxable income
17	Over \$4,800 but	\$67.00 plus 3.20% of
18	not over \$9,600	excess over \$4,800
19	Over \$9,600 but	\$221.00 plus 5.50% of
20	not over \$19,200	excess over \$9,600
21	Over \$19,200 but	\$749.00 plus 6.40% of
22	not over \$28,800	excess over \$19,200

1	Over \$28,800 but	\$1,363.00 plus 6.80% of
2	not over \$38,400	excess over \$28,800
3	Over \$38,400 but	\$2,016.00 plus 7.20% of
4	not over \$48,000	excess over \$38,400
5	Over \$48,000 but	\$2,707.00 plus 7.60% of
6	not over \$72,000	excess over \$48,000
7	Over \$72,000 but	\$4,531.00 plus 7.90% of
8	not over \$96,000	excess over \$72,000
9	Over \$96,000	\$6,427.00 plus 8.25% of
10		excess over \$96,000.

11 In the case of any taxable year beginning after December 31,  
12 2008:

13	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
14	<u>Not over \$4,800</u>	<u>1.40% of taxable income</u>
15	<u>Over \$4,800 but</u>	<u>\$67.00 plus 3.20% of</u>
16	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
17	<u>Over \$9,600 but</u>	<u>\$221.00 plus 5.50% of</u>
18	<u>not over \$19,200</u>	<u>excess over \$9,600</u>
19	<u>Over \$19,200 but</u>	<u>\$749.00 plus 6.40% of</u>
20	<u>not over \$28,800</u>	<u>excess over \$19,200</u>
21	<u>Over \$28,800 but</u>	<u>\$1,363.00 plus 6.80% of</u>
22	<u>not over \$38,400</u>	<u>excess over \$28,800</u>

1	<u>Over \$38,400 but</u>	<u>\$2,016.00 plus 7.20% of</u>
2	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
3	<u>Over \$48,000 but</u>	<u>\$2,707.00 plus 7.60% of</u>
4	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
5	<u>Over \$72,000 but</u>	<u>\$4,531.00 plus 7.90% of</u>
6	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
7	<u>Over \$96,000 but</u>	<u>\$6,427.00 plus 8.25% of</u>
8	<u>not over \$350,000</u>	<u>excess over \$96,000</u>
9	<u>Over \$350,000 but</u>	<u>\$27,382.00 plus 9.00% of</u>
10	<u>not over \$450,000</u>	<u>excess over \$350,000</u>
11	<u>Over \$450,000 but</u>	<u>\$36,382.00 plus 10.00% of</u>
12	<u>not over \$550,000</u>	<u>excess over \$450,000</u>
13	<u>Over \$550,000</u>	<u>\$46,382.00 plus 11.00% of</u>
14		<u>excess over \$550,000.</u>

15 (b) There is hereby imposed on the taxable income of every  
 16 head of a household a tax determined in accordance with the  
 17 following table:

18 In the case of any taxable year beginning after December 31,  
 19 2001:

20	If the taxable income is:	The tax shall be:
21	Not over \$3,000	1.40% of taxable income
22	Over \$3,000 but	\$42.00 plus 3.20% of

1	not over \$6,000	excess over \$3,000
2	Over \$6,000 but	\$138.00 plus 5.50% of
3	not over \$12,000	excess over \$6,000
4	Over \$12,000 but	\$468.00 plus 6.40% of
5	not over \$18,000	excess over \$12,000
6	Over \$18,000	\$852.00 plus 6.80% of
7	but not over \$24,000	excess over \$18,000
8	Over \$24,000 but	\$1,260.00 plus 7.20% of
9	not over \$30,000	excess over \$24,000
10	Over \$30,000 but	\$1,692.00 plus 7.60% of
11	not over \$45,000	excess over \$30,000
12	Over \$45,000 but	\$2,832.00 plus 7.90% of
13	not over \$60,000	excess over \$45,000
14	Over \$60,000	\$4,017.00 plus 8.25% of
15		excess over \$60,000.

16 In the case of any taxable year beginning after December 31,  
17 2006:

18	If the taxable income is:	The tax shall be:
19	Not over \$3,600	1.40% of taxable income
20	Over \$3,600 but	\$50.00 plus 3.20% of
21	not over \$7,200	excess over \$3,600
22	Over \$7,200 but	\$166.00 plus 5.50% of

1	not over \$14,400	excess over \$7,200
2	Over \$14,400 but	\$562.00 plus 6.40% of
3	not over \$21,600	excess over \$14,400
4	Over \$21,600 but	\$1,022.00 plus 6.80% of
5	not over \$28,800	excess over \$21,600
6	Over \$28,800 but	\$1,512.00 plus 7.20% of
7	not over \$36,000	excess over \$28,800
8	Over \$36,000 but	\$2,030.00 plus 7.60% of
9	not over \$54,000	excess over \$36,000
10	Over \$54,000 but	\$3,398.00 plus 7.90% of
11	not over \$72,000	excess over \$54,000
12	Over \$72,000	\$4,820.00 plus 8.25% of
13		excess over \$72,000.

14 In the case of any taxable year beginning after December 31,  
15 2008:

16	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
17	<u>Not over \$3,600</u>	<u>1.40% of taxable income</u>
18	<u>Over \$3,600 but</u>	<u>\$50.00 plus 3.20% of</u>
19	<u>not over \$7,200</u>	<u>excess over \$3,600</u>
20	<u>Over \$7,200 but</u>	<u>\$166.00 plus 5.50% of</u>
21	<u>not over \$14,400</u>	<u>excess over \$7,200</u>
22	<u>Over \$14,400 but</u>	<u>\$562.00 plus 6.40% of</u>

1	<u>not over \$21,600</u>	<u>excess over \$14,400</u>
2	<u>Over \$21,600 but</u>	<u>\$1,022.00 plus 6.80% of</u>
3	<u>not over \$28,800</u>	<u>excess over \$21,600</u>
4	<u>Over \$28,800 but</u>	<u>\$1,512.00 plus 7.20% of</u>
5	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
6	<u>Over \$36,000 but</u>	<u>\$2,030.00 plus 7.60% of</u>
7	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
8	<u>Over \$54,000 but</u>	<u>\$3,398.00 plus 7.90% of</u>
9	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
10	<u>Over \$72,000 but</u>	<u>\$4,820.00 plus 8.25% of</u>
11	<u>not over \$250,000</u>	<u>excess over \$72,000</u>
12	<u>Over \$250,000 but</u>	<u>\$19,505.00 plus 9.00% of</u>
13	<u>not over \$337,500</u>	<u>excess over \$250,000</u>
14	<u>Over \$337,500 but</u>	<u>\$27,380.00 plus 10.00% of</u>
15	<u>not over \$412,500</u>	<u>excess over \$337,500</u>
16	<u>Over \$412,500</u>	<u>\$34,880.00 plus 11.00% of</u>
17		<u>excess over \$412,500.</u>

18 (c) There is hereby imposed on the taxable income of (1)  
 19 every unmarried individual (other than a surviving spouse, or the  
 20 head of a household) and (2) on the taxable income of every  
 21 married individual who does not make a single return jointly with



1 the individual's spouse under section 235-93 a tax determined in  
2 accordance with the following table:

3 In the case of any taxable year beginning after December 31,  
4 2001:

5	If the taxable income is:	The tax shall be:
6	Not over \$2,000	1.40% of taxable income
7	Over \$2,000 but	\$28.00 plus 3.20% of
8	not over \$4,000	excess over \$2,000
9	Over \$4,000 but	\$92.00 plus 5.50% of
10	not over \$8,000	excess over \$4,000
11	Over \$8,000 but	\$312.00 plus 6.40% of
12	not over \$12,000	excess over \$8,000
13	Over \$12,000 but	\$568.00 plus 6.80% of
14	not over \$16,000	excess over \$12,000
15	Over \$16,000 but	\$840.00 plus 7.20% of
16	not over \$20,000	excess over \$16,000
17	Over \$20,000 but	\$1,128.00 plus 7.60% of
18	not over \$30,000	excess over \$20,000
19	Over \$30,000 but	\$1,888.00 plus 7.90% of
20	not over \$40,000	excess over \$30,000
21	Over \$40,000	\$2,678.00 plus 8.25% of
22		excess over \$40,000.

1 In the case of any taxable year beginning after December 31,  
2 2006:

3	If the taxable income is:	The tax shall be:
4	Not over \$2,400	1.40% of taxable income
5	Over \$2,400 but	\$34.00 plus 3.20% of
6	not over \$4,800	excess over \$2,400
7	Over \$4,800 but	\$110.00 plus 5.50% of
8	not over \$9,600	excess over \$4,800
9	Over \$9,600 but	\$374.00 plus 6.40% of
10	not over \$14,400	excess over \$9,600
11	Over \$14,400 but	\$682.00 plus 6.80% of
12	not over \$19,200	excess over \$14,400
13	Over \$19,200 but	\$1,008.00 plus 7.20% of
14	not over \$24,000	excess over \$19,200
15	Over \$24,000 but	\$1,354.00 plus 7.60% of
16	not over \$36,000	excess over \$24,000
17	Over \$36,000 but	\$2,266.00 plus 7.90% of
18	not over \$48,000	excess over \$36,000
19	Over \$48,000	\$3,214.00 plus 8.25% of
20		excess over \$48,000.

21 In the case of any taxable year beginning after December 31,

22 2008:

1	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
2	<u>Not over \$2,400</u>	<u>1.40% of taxable income</u>
3	<u>Over \$2,400 but</u>	<u>\$34.00 plus 3.20% of</u>
4	<u>not over \$4,800</u>	<u>excess over \$2,400</u>
5	<u>Over \$4,800 but</u>	<u>\$110.00 plus 5.50% of</u>
6	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
7	<u>Over \$9,600 but</u>	<u>\$374.00 plus 6.40% of</u>
8	<u>not over \$14,400</u>	<u>excess over \$9,600</u>
9	<u>Over \$14,400 but</u>	<u>\$682.00 plus 6.80% of</u>
10	<u>not over \$19,200</u>	<u>excess over \$14,400</u>
11	<u>Over \$19,200 but</u>	<u>\$1,008.00 plus 7.20% of</u>
12	<u>not over \$24,000</u>	<u>excess over \$19,200</u>
13	<u>Over \$24,000 but</u>	<u>\$1,354.00 plus 7.60% of</u>
14	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
15	<u>Over \$36,000 but</u>	<u>\$2,266.00 plus 7.90% of</u>
16	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
17	<u>Over \$48,000 but</u>	<u>\$3,214.00 plus 8.25% of</u>
18	<u>not over \$200,000</u>	<u>excess over \$48,000</u>
19	<u>Over \$200,000 but</u>	<u>\$15,754.00 plus 9.00% of</u>
20	<u>not over \$225,000</u>	<u>excess over \$200,000</u>
21	<u>Over \$225,000 but</u>	<u>\$18,004.00 plus 10.00% of</u>
22	<u>not over \$275,000</u>	<u>excess over \$225,000</u>



1 SECTION 4. Notwithstanding any other law to the contrary,  
2 no penalty or interest under Title 14, Hawaii Revised Statutes,  
3 shall be imposed because of any underpayment of tax attributable  
4 to the increase in the tax rates by a taxpayer or an employer  
5 until the later of:

- 6 (1) Ninety days after this Act becomes law; or  
7 (2) Immediately, after this Act becomes law, the taxpayer's  
8 estimated tax payment is due.

9 SECTION 5. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 6. This Act shall take effect on January 1, 2050,  
12 provided that:

- 13 (1) Section 2 shall apply to taxable years beginning after  
14 December 31, 2008; and  
15 (2) Sections 1 and 3 shall apply to taxable years beginning  
16 after December 31, 2010;

17 provided further that this Act shall be repealed on December 31,  
18 2015; and provided further that sections 235-2.4(a), 235-51(a),  
19 (b), and (c), and 235-54(a), Hawaii Revised Statutes, shall be  
20 reenacted in the form in which they read on the day before the  
21 effective date of this Act.

**Report Title:**

Income Tax Rates

**Description:**

Increases the income tax for high income brackets. Repeals the increases on 12/31/15. (HB1747 SD1)