
A BILL FOR AN ACT

RELATING TO INCOME TAXES.

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

1 SECTION 1. Section 235-51, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"PART III. INDIVIDUAL INCOME TAX**

4 **§235-51 Tax imposed on individuals; rates.** (a) There is
5 hereby imposed on the taxable income of (1) every taxpayer who
6 files a joint return under section 235-93; and (2) every
7 surviving spouse a tax determined in accordance with the
8 following table:

9 In the case of any taxable year beginning after
10 December 31, 2001:

11	If the taxable income is:	The tax shall be:
12	Not over \$4,000	1.40% of taxable income
13	Over \$4,000 but	\$56.00 plus 3.20% of
14	not over \$8,000	excess over \$4,000
15	Over \$8,000 but	\$184.00 plus 5.50% of
16	not over \$16,000	excess over \$8,000
17	Over \$16,000 but	\$624.00 plus 6.40% of
18	not over \$24,000	excess over \$16,000



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

11 In the case of any taxable year beginning after
12 December 31, 2006:

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



H.B. NO. 1773

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

9 In the case of any taxable year beginning after
10 December 31, 2008:

11	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
12	<u>Not over \$16,050</u>	<u>1.4% of taxable income</u>
13	<u>Over \$16,050 but</u>	<u>\$225.00 plus 5.5% of</u>
14	<u>not over \$65,100</u>	<u>excess over \$16,050</u>
15	<u>Over \$65,100 but</u>	<u>\$2,922.00 plus 7.6% of</u>
16	<u>not over \$131,450</u>	<u>excess over \$65,100</u>
17	<u>Over \$131,450 but</u>	<u>\$7,965.00 plus 9.8% of</u>
18	<u>not over \$200,300</u>	<u>excess over \$131,450</u>
19	<u>Over \$200,300 but</u>	<u>\$14,712.00 plus 12.1% of</u>
20	<u>not over \$357,700</u>	<u>excess over \$200,300</u>
21	<u>Over \$357,700</u>	<u>\$33,758.00 plus 14.6% of</u>
22		<u>excess over \$357,700.</u>

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

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

6	If the taxable income is:	The tax shall be:
7	Not over \$3,000	1.40% of taxable income
8	Over \$3,000 but	\$42.00 plus 3.20% of
9	not over \$6,000	excess over \$3,000
10	Over \$6,000 but	\$138.00 plus 5.50% of
11	not over \$12,000	excess over \$6,000
12	Over \$12,000 but	\$468.00 plus 6.40% of
13	not over \$18,000	excess over \$12,000
14	Over \$18,000	\$852.00 plus 6.80% of
15	but not over \$24,000	excess over \$18,000
16	Over \$24,000 but	\$1,260.00 plus 7.20% of
17	not over \$30,000	excess over \$24,000
18	Over \$30,000 but	\$1,692.00 plus 7.60% of
19	not over \$45,000	excess over \$30,000



1 Over \$45,000 but \$2,832.00 plus 7.90% of
2 not over \$60,000 excess over \$45,000
3 Over \$60,000 \$4,017.00 plus 8.25% of
4 excess over \$60,000.

5 In the case of any taxable year beginning after
6 December 31, 2006:

7	If the taxable income is:	The tax shall be:
8	Not over \$3,600	1.40% of taxable income
9	Over \$3,600 but	\$50.00 plus 3.20% of
10	not over \$7,200	excess over \$3,600
11	Over \$7,200 but	\$166.00 plus 5.50% of
12	not over \$14,400	excess over \$7,200
13	Over \$14,400 but	\$562.00 plus 6.40% of
14	not over \$21,600	excess over \$14,400
15	Over \$21,600 but	\$1,022.00 plus 6.80% of
16	not over \$28,800	excess over \$21,600
17	Over \$28,800 but	\$1,512.00 plus 7.20% of
18	not over \$36,000	excess over \$28,800
19	Over \$36,000 but	\$2,030.00 plus 7.60% of
20	not over \$54,000	excess over \$36,000

1 Over \$54,000 but \$3,398.00 plus 7.90% of
 2 not over \$72,000 excess over \$54,000
 3 Over \$72,000 \$4,820.00 plus 8.25% of
 4 excess over \$72,000.

5 In the case of any taxable year beginning after
 6 December 31, 2008:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
7 <u>Not over \$11,450</u>	<u>1.4% of taxable income</u>
8 <u>Over \$11,450 but</u>	<u>\$160.00 plus 5.5% of</u>
9 <u>not over \$43,650</u>	<u>excess over \$11,450</u>
10 <u>Over \$43,650 but</u>	<u>\$1,931.00 plus 7.6% of</u>
11 <u>not over \$112,650</u>	<u>excess over \$43,650</u>
12 <u>Over \$112,650 but</u>	<u>\$7,175.00 plus 9.8% of</u>
13 <u>not over \$182,400</u>	<u>excess over \$112,650</u>
14 <u>Over \$182,400 but</u>	<u>\$14,011.00 plus 12.1% of</u>
15 <u>not over \$357,700</u>	<u>excess over \$182,400</u>
16 <u>Over \$357,700</u>	<u>\$35,222.00 plus 14.6% of</u>
17	<u>excess over \$357,700.</u>

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



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

3 In the case of any taxable year beginning after
 4 December 31, 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
2 December 31, 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
22 December 31, 2008:

1	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
2	<u>Not over \$8,025</u>	<u>1.4% of taxable income</u>
3	<u>Over \$8,025 but</u>	<u>\$112.00 plus 5.5% of</u>
4	<u>not over \$32,550</u>	<u>excess over \$8,025</u>
5	<u>Over \$32,550 but</u>	<u>\$1,461.00 plus 7.6% of</u>
6	<u>not over \$78,850</u>	<u>excess over \$32,550</u>
7	<u>Over \$78,850 but</u>	<u>\$4,980.00 plus 9.8% of</u>
8	<u>not over \$164,550</u>	<u>excess over \$78,850</u>
9	<u>Over \$164,550 but</u>	<u>\$13,379.00 plus 12.1% of</u>
10	<u>not over \$357,700</u>	<u>excess over \$164,550</u>
11	<u>Over \$357,700</u>	<u>\$36,750.00 plus 14.6% of</u>
12		<u>excess over \$357,700.</u>

13 (d) The tax imposed by section 235-2.45 on estates and
 14 trusts shall be determined in accordance with the following
 15 table:

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

18	If the taxable income is:	The tax shall be:
19	Not over \$2,000	1.40% of taxable income
20	Over \$2,000 but	\$28.00 plus 3.20% of
21	not over \$4,000	excess over \$2,000
22	Over \$4,000 but	\$92.00 plus 5.50% of



1	not over \$8,000	excess over \$4,000
2	Over \$8,000 but	\$312.00 plus 6.40% of
3	not over \$12,000	excess over \$8,000
4	Over \$12,000 but	\$568.00 plus 6.80% of
5	not over \$16,000	excess over \$12,000
6	Over \$16,000 but	\$840.00 plus 7.20% of
7	not over \$20,000	excess over \$16,000
8	Over \$20,000 but	\$1,128.00 plus 7.60% of
9	not over \$30,000	excess over \$20,000
10	Over \$30,000 but	\$1,888.00 plus 7.90% of
11	not over \$40,000	excess over \$30,000
12	Over \$40,000	\$2,678.00 plus 8.25% of
13		excess over \$40,000.

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

16	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
17	<u>Not over \$8,025</u>	<u>1.4% of taxable income</u>
18	<u>Over \$8,025 but</u>	<u>\$112.00 plus 5.5% of</u>
19	<u>not over \$32,550</u>	<u>excess over \$8,025</u>
20	<u>Over \$32,550 but</u>	<u>\$1,461.00 plus 7.6% of</u>
21	<u>not over \$78,850</u>	<u>excess over \$32,550</u>
22	<u>Over \$78,850 but</u>	<u>\$4,980.00 plus 9.8% of</u>



1	<u>not over \$164,550</u>	<u>excess over \$78,850</u>
2	<u>Over \$164,550 but</u>	<u>\$13,379.00 plus 12.1% of</u>
3	<u>not over \$357,700</u>	<u>excess over \$164,550</u>
4	<u>Over \$357,700</u>	<u>\$36,750.00 plus 14.6% of</u>
5		<u>excess over \$357,700.</u>

6 (e) Any taxpayer, other than a corporation, acting as a
7 business entity in more than one state who is required by this
8 chapter to file a return may elect to report and pay a tax of .5
9 per cent of its annual gross sales (1) where the taxpayer's only
10 activities in this State consist of sales; and (2) who does not
11 own or rent real estate or tangible personal property; and (3)
12 whose annual gross sales in or into this State during the tax
13 year is not in excess of \$100,000.

14 (f) If a taxpayer has a net capital gain for any taxable
15 year to which this subsection applies, then the tax imposed by
16 this section shall not exceed the sum of:

17 (1) The tax computed at the rates and in the same manner
18 as if this subsection had not been enacted on the
19 greater of:

20 (A) The taxable income reduced by the amount of net
21 capital gain, or



1 (B) The amount of taxable income taxed at a rate
2 below 7.25 per cent, plus

3 (2) A tax of 7.25 per cent of the amount of taxable income
4 in excess of the amount determined under paragraph
5 (1).

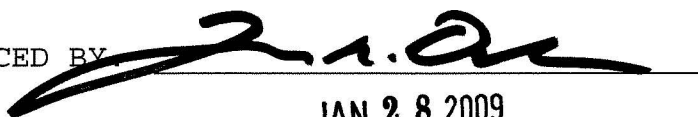
6 This subsection shall apply to individuals, estates, and
7 trusts for taxable years beginning after December 31, 1986."

8 SECTION 2. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

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

11

INTRODUCED BY



JAN 28 2009



Report Title:

Income Tax Restructuring

Description:

Conforms state income tax brackets to federal income tax brackets and provides corresponding new tax rates.

