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# 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 surviving  
7 spouse a tax determined in accordance with the following table:

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

10	If the taxable income is:	The tax shall be:
11	Not over \$4,000	1.40% of taxable income
12	Over \$4,000 but	\$56.00 plus 3.20% of
13	not over \$8,000	excess over \$4,000
14	Over \$8,000 but	\$184.00 plus 5.50% of
15	not over \$16,000	excess over \$8,000
16	Over \$16,000 but	\$624.00 plus 6.40% of
17	not over \$24,000	excess over \$16,000
18	Over \$24,000 but	\$1,136.00 plus 6.80% of



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

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

12	If the taxable income is:	The tax shall be:
13	Not over \$4,800	1.40% of taxable income
14	Over \$4,800 but	\$67.00 plus 3.20% of
15	not over \$9,600	excess over \$4,800
16	Over \$9,600 but	\$221.00 plus 5.50% of
17	not over \$19,200	excess over \$9,600
18	Over \$19,200 but	\$749.00 plus 6.40% of
19	not over \$28,800	excess over \$19,200
20	Over \$28,800 but	\$1,363.00 plus 6.80% of
21	not over \$38,400	excess over \$28,800
22	Over \$38,400 but	\$2,016.00 plus 7.20% of



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

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

10	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
11	<u>Not over \$4,800</u>	<u>1.40% of taxable income</u>
12	<u>Over \$4,800 but</u>	<u>\$67.00 plus 3.20% of</u>
13	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
14	<u>Over \$9,600 but</u>	<u>\$221.00 plus 5.50% of</u>
15	<u>not over \$19,200</u>	<u>excess over \$9,600</u>
16	<u>Over \$19,200 but</u>	<u>\$749.00 plus 6.40% of</u>
17	<u>not over \$28,800</u>	<u>excess over \$19,200</u>
18	<u>Over \$28,800 but</u>	<u>\$1,363.00 plus 6.80% of</u>
19	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
20	<u>Over \$38,400 but</u>	<u>\$2,016.00 plus 7.20% of</u>
21	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
22	<u>Over \$48,000 but</u>	<u>\$2,707.00 plus 7.60% of</u>



1	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
2	<u>Over \$72,000 but</u>	<u>\$4,531.00 plus 7.90% of</u>
3	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
4	<u>Over \$96,000 but</u>	<u>\$6,427.00 plus 8.25% of</u>
5	<u>not over \$125,000</u>	<u>excess over \$96,000</u>
6	<u>Over \$125,000 but</u>	<u>\$8,820.00 plus 8.50% of</u>
7	<u>not over \$150,000</u>	<u>excess over \$125,000</u>
8	<u>Over \$150,000 but</u>	<u>\$10,945.00 plus 8.75% of</u>
9	<u>not over \$200,000</u>	<u>excess over \$150,000</u>
10	<u>Over \$200,000 but</u>	<u>\$15,320.00 plus 9.00% of</u>
11	<u>not over \$250,000</u>	<u>excess over \$200,000</u>
12	<u>Over \$250,000 but</u>	<u>\$19,820.00 plus 9.50% of</u>
13	<u>not over \$300,000</u>	<u>excess over \$250,000</u>
14	<u>Over \$300,000 but</u>	<u>\$24,570.00 plus 10.00% of</u>
15	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
16	<u>Over \$350,000 but</u>	<u>\$29,570.00 plus 11.00% of</u>
17	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
18	<u>Over \$400,000</u>	<u>\$35,070.00 plus 12.00% of</u>
19		<u>excess over \$400,000.</u>

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



1 In the case of any taxable year beginning after December 31,  
2 2001:

3	If the taxable income is:	The tax shall be:
4	Not over \$3,000	1.40% of taxable income
5	Over \$3,000 but	\$42.00 plus 3.20% of
6	not over \$6,000	excess over \$3,000
7	Over \$6,000 but	\$138.00 plus 5.50% of
8	not over \$12,000	excess over \$6,000
9	Over \$12,000 but	\$468.00 plus 6.40% of
10	not over \$18,000	excess over \$12,000
11	Over \$18,000	\$852.00 plus 6.80% of
12	but not over \$24,000	excess over \$18,000
13	Over \$24,000 but	\$1,260.00 plus 7.20% of
14	not over \$30,000	excess over \$24,000
15	Over \$30,000 but	\$1,692.00 plus 7.60% of
16	not over \$45,000	excess over \$30,000
17	Over \$45,000 but	\$2,832.00 plus 7.90% of
18	not over \$60,000	excess over \$45,000
19	Over \$60,000	\$4,017.00 plus 8.25% of
20		excess over \$60,000.



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 \$3,600	1.40% of taxable income
5	Over \$3,600 but	\$50.00 plus 3.20% of
6	not over \$7,200	excess over \$3,600
7	Over \$7,200 but	\$166.00 plus 5.50% of
8	not over \$14,400	excess over \$7,200
9	Over \$14,400 but	\$562.00 plus 6.40% of
10	not over \$21,600	excess over \$14,400
11	Over \$21,600 but	\$1,022.00 plus 6.80% of
12	not over \$28,800	excess over \$21,600
13	Over \$28,800 but	\$1,512.00 plus 7.20% of
14	not over \$36,000	excess over \$28,800
15	Over \$36,000 but	\$2,030.00 plus 7.60% of
16	not over \$54,000	excess over \$36,000
17	Over \$54,000 but	\$3,398.00 plus 7.90% of
18	not over \$72,000	excess over \$54,000
19	Over \$72,000	\$4,820.00 plus 8.25% of
20		excess over \$72,000.

21 In the case of any taxable year beginning after December 31,  
22 2008:



<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$3,600</u>	<u>1.40% of taxable income</u>
<u>Over \$3,600 but</u>	<u>\$50.00 plus 3.20% of</u>
<u>not over \$7,200</u>	<u>excess over \$3,600</u>
<u>Over \$7,200 but</u>	<u>\$166.00 plus 5.50% of</u>
<u>not over \$14,400</u>	<u>excess over \$7,200</u>
<u>Over \$14,400 but</u>	<u>\$562.00 plus 6.40% of</u>
<u>not over \$21,600</u>	<u>excess over \$14,400</u>
<u>Over \$21,600 but</u>	<u>\$1,022.00 plus 6.80% of</u>
<u>not over \$28,800</u>	<u>excess over \$21,600</u>
<u>Over \$28,800 but</u>	<u>\$1,512.00 plus 7.20% of</u>
<u>not over \$36,000</u>	<u>excess over \$28,800</u>
<u>Over \$36,000 but</u>	<u>\$2,030.00 plus 7.60% of</u>
<u>not over \$54,000</u>	<u>excess over \$36,000</u>
<u>Over \$54,000 but</u>	<u>\$3,398.00 plus 7.90% of</u>
<u>not over \$72,000</u>	<u>excess over \$54,000</u>
<u>Over \$72,000 but</u>	<u>\$4,820.00 plus 8.25% of</u>
<u>not over \$93,750</u>	<u>excess over \$72,000</u>
<u>Over \$93,750 but</u>	<u>\$6,615.00 plus 8.50% of</u>
<u>not over \$112,500</u>	<u>excess over \$93,750</u>
<u>Over \$112,500 but</u>	<u>\$8,209.00 plus 8.75% of</u>



1	<u>not over \$150,000</u>	<u>excess over \$112,500</u>
2	<u>Over \$150,000 but</u>	<u>\$11,490.00 plus 9.00% of</u>
3	<u>not over \$187,500</u>	<u>excess over \$150,000</u>
4	<u>Over \$187,500 but</u>	<u>\$14,865.00 plus 9.50% of</u>
5	<u>not over \$225,000</u>	<u>excess over \$187,500</u>
6	<u>Over \$225,000 but</u>	<u>\$18,427.00 plus 10.00% of</u>
7	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
8	<u>Over \$262,500 but</u>	<u>\$22,177.00 plus 11.00% of</u>
9	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
10	<u>Over \$300,000</u>	<u>\$26,302.00 plus 12.00% of</u>
11		<u>excess over \$300,000.</u>

12 (c) There is hereby imposed on the taxable income of (1)  
 13 every unmarried individual (other than a surviving spouse, or the  
 14 head of a household) and (2) on the taxable income of every married  
 15 individual who does not make a single return jointly with the  
 16 individual's spouse under section 235-93 a tax determined in  
 17 accordance with the 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 \$2,000	1.40% of taxable income
22	Over \$2,000 but	\$28.00 plus 3.20% of





1	not over \$4,000	excess over \$2,000
2	Over \$4,000 but	\$92.00 plus 5.50% of
3	not over \$8,000	excess over \$4,000
4	Over \$8,000 but	\$312.00 plus 6.40% of
5	not over \$12,000	excess over \$8,000
6	Over \$12,000 but	\$568.00 plus 6.80% of
7	not over \$16,000	excess over \$12,000
8	Over \$16,000 but	\$840.00 plus 7.20% of
9	not over \$20,000	excess over \$16,000
10	Over \$20,000 but	\$1,128.00 plus 7.60% of
11	not over \$30,000	excess over \$20,000
12	Over \$30,000 but	\$1,888.00 plus 7.90% of
13	not over \$40,000	excess over \$30,000
14	Over \$40,000	\$2,678.00 plus 8.25% of
15		excess over \$40,000.

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 \$2,400	1.40% of taxable income
20	Over \$2,400 but	\$34.00 plus 3.20% of
21	not over \$4,800	excess over \$2,400
22	Over \$4,800 but	\$110.00 plus 5.50% of



1	not over \$9,600	excess over \$4,800
2	Over \$9,600 but	\$374.00 plus 6.40% of
3	not over \$14,400	excess over \$9,600
4	Over \$14,400 but	\$682.00 plus 6.80% of
5	not over \$19,200	excess over \$14,400
6	Over \$19,200 but	\$1,008.00 plus 7.20% of
7	not over \$24,000	excess over \$19,200
8	Over \$24,000 but	\$1,354.00 plus 7.60% of
9	not over \$36,000	excess over \$24,000
10	Over \$36,000 but	\$2,266.00 plus 7.90% of
11	not over \$48,000	excess over \$36,000
12	Over \$48,000	\$3,214.00 plus 8.25% of
13		excess over \$48,000.

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 \$2,400</u>	<u>1.40% of taxable income</u>
18	<u>Over \$2,400 but</u>	<u>\$34.00 plus 3.20% of</u>
19	<u>not over \$4,800</u>	<u>excess over \$2,400</u>
20	<u>Over \$4,800 but</u>	<u>\$110.00 plus 5.50% of</u>
21	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
22	<u>Over \$9,600 but</u>	<u>\$374.00 plus 6.40% of</u>



1	<u>not over \$14,400</u>	<u>excess over \$9,600</u>
2	<u>Over \$14,400 but</u>	<u>\$682.00 plus 6.80% of</u>
3	<u>not over \$19,200</u>	<u>excess over \$14,400</u>
4	<u>Over \$19,200 but</u>	<u>\$1,008.00 plus 7.20% of</u>
5	<u>not over \$24,000</u>	<u>excess over \$19,200</u>
6	<u>Over \$24,000 but</u>	<u>\$1,354.00 plus 7.60% of</u>
7	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
8	<u>Over \$36,000 but</u>	<u>\$2,266.00 plus 7.90% of</u>
9	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
10	<u>Over \$48,000 but</u>	<u>\$3,214.00 plus 8.25% of</u>
11	<u>not over \$62,500</u>	<u>excess over \$48,000</u>
12	<u>Over \$62,500 but</u>	<u>\$4,410.00 plus 8.50% of</u>
13	<u>not over \$75,000</u>	<u>excess over \$62,500</u>
14	<u>Over \$75,000 but</u>	<u>\$5,472.00 plus 8.75% of</u>
15	<u>not over \$100,000</u>	<u>excess over \$75,000</u>
16	<u>Over \$100,000 but</u>	<u>\$7,660.00 plus 9.00% of</u>
17	<u>not over \$125,000</u>	<u>excess over \$100,000</u>
18	<u>Over \$125,000 but</u>	<u>\$9,910.00 plus 9.50% of</u>
19	<u>not over \$150,000</u>	<u>excess over \$125,000</u>
20	<u>Over \$150,000 but</u>	<u>\$12,285.00 plus 10.00% of</u>
21	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
22	<u>Over \$175,000 but</u>	<u>\$14,785.00 plus 11.00% of</u>



1	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
2	<u>Over \$200,000</u>	<u>\$17,535.00 plus 12.00% of</u>
3		<u>excess over \$200,000.</u>

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

6 In the case of any taxable year beginning after December 31,  
 7 2001:

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





1	<u>not over \$62,500</u>	<u>excess over \$48,000</u>
2	<u>Over \$62,500 but</u>	<u>\$4,410.00 plus 8.50% of</u>
3	<u>not over \$75,000</u>	<u>excess over \$62,500</u>
4	<u>Over \$75,000 but</u>	<u>\$5,472.00 plus 8.75% of</u>
5	<u>not over \$100,000</u>	<u>excess over \$75,000</u>
6	<u>Over \$100,000 but</u>	<u>\$7,660.00 plus 9.00% of</u>
7	<u>not over \$125,000</u>	<u>excess over \$100,000</u>
8	<u>Over \$125,000 but</u>	<u>\$9,910.00 plus 9.50% of</u>
9	<u>not over \$150,000</u>	<u>excess over \$125,000</u>
10	<u>Over \$150,000 but</u>	<u>\$12,285.00 plus 10.00% of</u>
11	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
12	<u>Over \$175,000 but</u>	<u>\$14,785.00 plus 11.00% of</u>
13	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
14	<u>Over \$200,000</u>	<u>\$17,535.00 plus 12.00% of</u>
15		<u>excess over \$200,000.</u>

16 (e) Any taxpayer, other than a corporation, acting as a  
 17 business entity in more than one state who is required by this  
 18 chapter to file a return may elect to report and pay a tax of .5  
 19 per cent of its annual gross sales (1) where the taxpayer's only  
 20 activities in this State consist of sales; and (2) who does not own  
 21 or rent real estate or tangible personal property; and (3) whose



1 annual gross sales in or into this State during the tax year is not  
2 in excess of \$100,000.

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

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

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

11 (B) The amount of taxable income taxed at a rate below  
12 7.25 per cent, plus

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

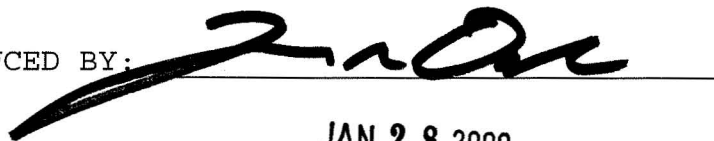
15 This subsection shall apply to individuals, estates, and  
16 trusts for taxable years beginning after December 31, 1986."

17 SECTION 2. Statutory material to be repealed is bracketed and  
18 stricken. New statutory material is underscored.

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

20

INTRODUCED BY:



JAN 28 2009



**Report Title:**

Income Tax Restructuring

**Description:**

Creates additional income tax brackets and provides corresponding new tax rates.

