
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 December 31,
10 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 December 31,
12 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



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 December 31,

10 2008:

11	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
12	<u>Not over \$4,800</u>	<u>0.50% of taxable income</u>
13	<u>Over \$4,800 but</u>	<u>\$24.00 plus 1.50% of</u>
14	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
15	<u>Over \$9,600 but</u>	<u>\$96.00 plus 3.30% of</u>
16	<u>not over \$19,200</u>	<u>excess over \$9,600</u>
17	<u>Over \$19,200 but</u>	<u>\$413.00 plus 5.60% of</u>
18	<u>not over \$28,800</u>	<u>excess over \$19,200</u>
19	<u>Over \$28,800 but</u>	<u>\$950.00 plus 6.50% of</u>
20	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
21	<u>Over \$38,400 but</u>	<u>\$1,574.00 plus 6.90% of</u>
22	<u>not over \$48,000</u>	<u>excess over \$38,400</u>



1	<u>Over \$48,000 but</u>	<u>\$2,237.00 plus 7.30% of</u>
2	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
3	<u>Over \$72,000 but</u>	<u>\$3,989.00 plus 7.70% of</u>
4	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
5	<u>Over \$96,000 but</u>	<u>\$5,837.00 plus 8.00% of</u>
6	<u>not over \$125,000</u>	<u>excess over \$96,000</u>
7	<u>Over \$125,000 but</u>	<u>\$8,157.00 plus 8.25% of</u>
8	<u>not over \$150,000</u>	<u>excess over \$125,000</u>
9	<u>Over \$150,000 but</u>	<u>\$10,219.00 plus 8.50% of</u>
10	<u>not over \$200,000</u>	<u>excess over \$150,000</u>
11	<u>Over \$200,000 but</u>	<u>\$14,469.00 plus 9.00% of</u>
12	<u>not over \$250,000</u>	<u>excess over \$200,000</u>
13	<u>Over \$250,000 but</u>	<u>\$18,969.00 plus 9.50% of</u>
14	<u>not over \$300,000</u>	<u>excess over \$250,000</u>
15	<u>Over \$300,000 but</u>	<u>\$23,719.00 plus 10.00% of</u>
16	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
17	<u>Over \$350,000 but</u>	<u>\$28,719.00 plus 11.00% of</u>
18	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
19	<u>Over \$400,000</u>	<u>\$34,219.00 plus 12.00% of</u>
20		<u>excess over \$400,000.</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 December 31,
5 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
20	Over \$45,000 but	\$2,832.00 plus 7.90% of
21	not over \$60,000	excess over \$45,000



1 Over \$60,000 \$4,017.00 plus 8.25% of
2 excess over \$60,000.

3 In the case of any taxable year beginning after December 31,
4 2006:

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



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

2 2008:

3	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
4	<u>Not over \$3,600</u>	<u>0.50% of taxable income</u>
5	<u>Over \$3,600 but</u>	<u>\$18.00 plus 1.50% of</u>
6	<u>not over \$7,200</u>	<u>excess over \$3,600</u>
7	<u>Over \$7,200 but</u>	<u>\$72.00 plus 3.30% of</u>
8	<u>not over \$14,400</u>	<u>excess over \$7,200</u>
9	<u>Over \$14,400 but</u>	<u>\$310.00 plus 5.60% of</u>
10	<u>not over \$21,600</u>	<u>excess over \$14,400</u>
11	<u>Over \$21,600 but</u>	<u>\$713.00 plus 6.50% of</u>
12	<u>not over \$28,800</u>	<u>excess over \$28,800</u>
13	<u>Over \$28,800 but</u>	<u>\$1,181.00 plus 6.90% of</u>
14	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
15	<u>Over \$36,000 but</u>	<u>\$1,678.00 plus 7.30% of</u>
16	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
17	<u>Over \$54,000 but</u>	<u>\$2,992.00 plus 7.70% of</u>
18	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
19	<u>Over \$72,000 but</u>	<u>\$4,378.00 plus 8.00% of</u>
20	<u>not over \$93,750</u>	<u>excess over \$72,000</u>



1	<u>Over \$93,750 but</u>	<u>\$6,118.00 plus 8.25% of</u>
2	<u>not over \$112,500</u>	<u>excess over \$93,750</u>
3	<u>Over \$112,500 but</u>	<u>\$7,664.00 plus 8.50% of</u>
4	<u>not over \$150,000</u>	<u>excess over \$112,500</u>
5	<u>Over \$150,000 but</u>	<u>\$10,852.00 plus 9.00% of</u>
6	<u>not over \$187,500</u>	<u>excess over \$150,000</u>
7	<u>Over \$187,500 but</u>	<u>\$14,227.00 plus 9.50% of</u>
8	<u>not over \$225,000</u>	<u>excess over \$187,500</u>
9	<u>Over \$225,000 but</u>	<u>\$17,789.00 plus 10.00% of</u>
10	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
11	<u>Over \$262,500 but</u>	<u>\$21,539.00 plus 11.00% of</u>
12	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
13	<u>Over \$300,000</u>	<u>\$25,664.00 plus 12.00% of</u>
14		<u>excess over \$300,000.</u>

15 (c) There is hereby imposed on the taxable income of (1)
 16 every unmarried individual (other than a surviving spouse, or the
 17 head of a household) and (2) on the taxable income of every
 18 married individual who does not make a single return jointly with
 19 the individual's spouse under section 235-93 a tax determined in
 20 accordance with the following table:

21 In the case of any taxable year beginning after December 31,
 22 2001:



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

19 In the case of any taxable year beginning after December 31,
20 2006:

21	If the taxable income is:	The tax shall be:
22	Not over \$2,400	1.40% of taxable income



1	Over \$2,400 but	\$34.00 plus 3.20% of
2	not over \$4,800	excess over \$2,400
3	Over \$4,800 but	\$110.00 plus 5.50% of
4	not over \$9,600	excess over \$4,800
5	Over \$9,600 but	\$374.00 plus 6.40% of
6	not over \$14,400	excess over \$9,600
7	Over \$14,400 but	\$682.00 plus 6.80% of
8	not over \$19,200	excess over \$14,400
9	Over \$19,200 but	\$1,008.00 plus 7.20% of
10	not over \$24,000	excess over \$19,200
11	Over \$24,000 but	\$1,354.00 plus 7.60% of
12	not over \$36,000	excess over \$24,000
13	Over \$36,000 but	\$2,266.00 plus 7.90% of
14	not over \$48,000	excess over \$36,000
15	Over \$48,000	\$3,214.00 plus 8.25% of
16		excess over \$48,000.

17 In the case of any taxable year beginning after December 31,
 18 2008:

19	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
20	<u>Not over \$2,400</u>	<u>0.50% of taxable income</u>
21	<u>Over \$2,400 but</u>	<u>\$12.00 plus 1.50% of</u>
22	<u>not over \$4,800</u>	<u>excess over \$2,400</u>



1	<u>Over \$4,800 but</u>	<u>\$48.00 plus 3.30% of</u>
2	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
3	<u>Over \$9,600 but</u>	<u>\$206.00 plus 5.60% of</u>
4	<u>not over \$14,400</u>	<u>excess over \$9,600</u>
5	<u>Over \$14,400 but</u>	<u>\$475.00 plus 6.50% of</u>
6	<u>not over \$19,200</u>	<u>excess over \$14,400</u>
7	<u>Over \$19,200 but</u>	<u>\$787.00 plus 6.90% of</u>
8	<u>not over \$24,000</u>	<u>excess over \$19,200</u>
9	<u>Over \$24,000 but</u>	<u>\$1,118.00 plus 7.30% of</u>
10	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
11	<u>Over \$36,000 but</u>	<u>\$1,994.00 plus 7.70% of</u>
12	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
13	<u>Over \$48,000 but</u>	<u>\$2,918.00 plus 8.00% of</u>
14	<u>not over \$62,500</u>	<u>excess over \$48,000</u>
15	<u>Over \$62,500 but</u>	<u>\$4,078.00 plus 8.25% of</u>
16	<u>not over \$75,000</u>	<u>excess over \$62,500</u>
17	<u>Over \$75,000 but</u>	<u>\$5,110.00 plus 8.50% of</u>
18	<u>not over \$100,000</u>	<u>excess over \$75,000</u>
19	<u>Over \$100,000 but</u>	<u>\$7,235.00 plus 8.75% of</u>
20	<u>not over \$125,000</u>	<u>excess over \$100,000</u>
21	<u>Over \$125,000 but</u>	<u>\$9,485.00 plus 9.50% of</u>
22	<u>not over \$150,000</u>	<u>excess over \$125,000</u>



1	<u>Over \$150,000 but</u>	<u>\$11,860.00 plus 10.00% of</u>
2	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
3	<u>Over \$175,000 but</u>	<u>\$14,360.00 plus 11.00% of</u>
4	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
5	<u>Over \$200,000</u>	<u>\$17,110.00 plus 12.00% of</u>
6		<u>excess over \$200,000.</u>

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

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

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



1	Over \$20,000 but	\$1,128.00 plus 7.60% of
2	not over \$30,000	excess over \$20,000
3	Over \$30,000 but	\$1,888.00 plus 7.90% of
4	not over \$40,000	excess over \$30,000
5	Over \$40,000	\$2,678.00 plus 8.25% of
6		excess over \$40,000.

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

8 2008:

9	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
10	<u>Not over \$2,400</u>	<u>0.50% of taxable income</u>
11	<u>Over \$2,400 but</u>	<u>\$12.00 plus 1.50% of</u>
12	<u>not over \$4,800</u>	<u>excess over \$2,400</u>
13	<u>Over \$4,800 but</u>	<u>\$48.00 plus 3.30% of</u>
14	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
15	<u>Over \$9,600 but</u>	<u>\$206.00 plus 5.60% of</u>
16	<u>not over \$14,400</u>	<u>excess over \$9,600</u>
17	<u>Over \$14,400 but</u>	<u>\$475.00 plus 6.50% of</u>
18	<u>not over \$19,200</u>	<u>excess over \$14,400</u>
19	<u>Over \$19,200 but</u>	<u>\$787.00 plus 6.90% of</u>
20	<u>not over \$24,000</u>	<u>excess over \$19,200</u>
21	<u>Over \$24,000 but</u>	<u>\$1,118.00 plus 7.30% of</u>
22	<u>not over \$36,000</u>	<u>excess over \$24,000</u>



1	<u>Over \$36,000 but</u>	<u>\$1,994.00 plus 7.70% of</u>
2	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
3	<u>Over \$48,000 but</u>	<u>\$2,918.00 plus 8.00% of</u>
4	<u>not over \$62,500</u>	<u>excess over \$48,000</u>
5	<u>Over \$62,500 but</u>	<u>\$4,078.00 plus 8.25% of</u>
6	<u>not over \$75,000</u>	<u>excess over \$62,500</u>
7	<u>Over \$75,000 but</u>	<u>\$5,110.00 plus 8.50% of</u>
8	<u>not over \$100,000</u>	<u>excess over \$75,000</u>
9	<u>Over \$100,000 but</u>	<u>\$7,235.00 plus 8.75% of</u>
10	<u>not over \$125,000</u>	<u>excess over \$100,000</u>
11	<u>Over \$125,000 but</u>	<u>\$9,485.00 plus 9.50% of</u>
12	<u>not over \$150,000</u>	<u>excess over \$125,000</u>
13	<u>Over \$150,000 but</u>	<u>\$11,860.00 plus 10.00% of</u>
14	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
15	<u>Over \$175,000 but</u>	<u>\$14,360.00 plus 11.00% of</u>
16	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
17	<u>Over \$200,000</u>	<u>\$17,110.00 plus 12.00% of</u>
18		<u>excess over \$200,000.</u>

19 (e) Any taxpayer, other than a corporation, acting as a
 20 business entity in more than one state who is required by this
 21 chapter to file a return may elect to report and pay a tax of .5
 22 per cent of its annual gross sales (1) where the taxpayer's only



1 activities in this State consist of sales; and (2) who does not
2 own or rent real estate or tangible personal property; and (3)
3 whose annual gross sales in or into this State during the tax
4 year is not in excess of \$100,000.

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

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

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

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

15 (2) A tax of 7.25 per cent of the amount of taxable income
16 in excess of the amount determined under paragraph
17 (1).

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

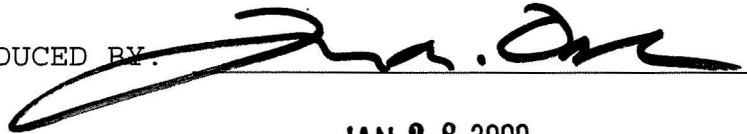


1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

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

4

INTRODUCED BY.

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JAN 28 2009



Report Title:

Income Tax Restructuring

Description:

Reduces income tax rates for all current income tax brackets.
Creates additional income tax brackets and provides
corresponding new tax rates.

