
A BILL FOR AN ACT

RELATING TO EARNED INCOME TAX CREDIT.

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

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Earned income tax credit. (a) Each resident
5 individual taxpayer who files an individual income tax return
6 for a taxable year, and who is not claimed or is not otherwise
7 eligible to be claimed as a dependent by another taxpayer for
8 income tax purposes, may claim a refundable earned income tax
9 credit. The tax credit, for the appropriate taxable year, shall
10 be equal to twenty per cent of the earned income tax credit
11 allowed under section 32 of the Internal Revenue Code and
12 reported as such on the resident individual's federal income tax
13 return.

14 (b) In the case of a part-year resident, the tax credit
15 shall equal the amount of the tax credit calculated in
16 subsection (a) multiplied by the ratio of adjusted gross income
17 attributed to this state to the entire adjusted gross income



1 computed without regard to source in the state pursuant to
2 section 235-5.

3 (c) For purposes of claiming the tax credit allowed by
4 this section, a resident individual taxpayer shall use the same
5 filing status (i.e., "married filing jointly," "head of
6 household," "qualifying widow(er)," or "single") on the
7 taxpayer's Hawaii tax return as used on the taxpayer's federal
8 return for the taxable year. In the case of a husband and wife
9 filing separately, the credit allowed may be applied against the
10 tax of either, or divided between them, as they elect.

11 If the tax credit under this section exceeds the taxpayer's
12 income tax liability, the excess of tax credit over liability
13 shall be refunded to the taxpayer; provided that no refund or
14 payment on account of the tax credit allowed by this section
15 shall be made for amounts less than \$1.

16 All claims including any amended claims for a tax credit
17 under this section shall be filed on or before the end of the
18 twelfth month following the close of the taxable year for which
19 the tax credit may be claimed; provided that failure to comply
20 shall constitute a waiver of the right to claim the tax credit.

21 (d) The director of taxation:



- 1 (1) Shall prepare such forms as may be necessary to claim
- 2 a tax credit under this section;
- 3 (2) May require proof of the claim for the tax credit;
- 4 (3) Shall alert eligible taxpayers of the tax credit using
- 5 appropriate and available data;
- 6 (4) Shall prepare an annual report containing:
 - 7 (A) The number of credits granted for the prior
 - 8 calendar year;
 - 9 (B) The total amount of the credits granted; and
 - 10 (C) The average value of the credits granted to
 - 11 taxpayers whose earned income falls within
 - 12 various income ranges;
 - 13 and
 - 14 (5) May adopt rules pursuant to chapter 91 to effectuate
 - 15 this section."

16 SECTION 2. New statutory material is underscored.

17 SECTION 3. This Act shall take effect upon its approval
18 and shall apply to taxable years beginning after December 31,
19 2008.

INTRODUCED BY:

Report Title:

Earned Income Tax Credit

Description:

Provides a state earned income tax credit.

