
A BILL FOR AN ACT

RELATING TO THE INCOME TAX.

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

1 SECTION 1. The purpose of this Act is to temporarily
2 reduce the maximum income tax withholding amount allowed under
3 state law.

4 The purpose of this Act is to increase the take home pay of
5 taxpayers and, ultimately, to revitalize the local economy.

6 SECTION 2. Section 235-61, Hawaii Revised Statutes, is
7 amended by amending subsection (c) to read as follows:

8 "(c) For each withholding period (whether weekly,
9 biweekly, monthly, or otherwise) the amount of tax to be
10 withheld under this section shall be at a rate which, for the
11 taxable year, will yield the tax imposed by section 235-51 upon
12 each employee's annual wage, as estimated from the employee's
13 current wage in any withholding period, but for the purposes of
14 this subsection of the rates provided by section 235-51 the
15 maximum to be taken into consideration shall be [~~eight~~] five per
16 cent. The tax for the taxable year shall be calculated upon the
17 following assumptions:



- 1 (1) That the employee's annual wage, as estimated from the
2 employee's current wage in the withholding period,
3 will be the employee's sole income for the taxable
4 year;
- 5 (2) That there will be no deductions therefrom in
6 determining adjusted gross income;
- 7 (3) That in determining taxable income there shall be a
8 standard deduction allowance which shall be an amount
9 equal to one exemption (or more than one exemption if
10 so prescribed by the director) unless (A) the taxpayer
11 is married and the taxpayer's spouse is an employee
12 receiving wages subject to withholding, or (B) the
13 taxpayer has withholding exemption certificates in
14 effect with respect to more than one employer. For
15 the purposes of this section, any standard deduction
16 allowance under this paragraph shall be treated as if
17 it were denominated a withholding exemption;
- 18 (4) That in determining taxable income there also will be
19 deducted the amount of exemptions and withholding
20 allowances granted to the employee in the computation
21 of taxable income, as shown by a certificate to be



H.B. NO. 807

1 filed with the employer as provided by subsection (f);
2 and

3 (5) If it appears from the certificate filed pursuant to
4 subsection (f) that the employee, under section 235-
5 93, is entitled to make a joint return, that the
6 employee and the employee's spouse will so elect."

7 SECTION 3. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect on July 1, 2011, and
10 be repealed on June 30, 2013; provided that section 235-61(c),
11 Hawaii Revised Statutes, shall be reenacted in the form in which
12 it read on the day before the effective date of this Act.

13

INTRODUCED BY: Calvin K. Aoy
JAN 21 2011



Report Title:

Income Tax; Withholding

Description:

Reduces the maximum income tax withholding amount allowed under state law.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

