

JAN 17 2013

A BILL FOR AN ACT

RELATING TO TAXATION.

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- Low-income tax credit. (a) There shall be
5 allowed to each taxpayer subject to the tax imposed by this
6 chapter, a tax credit to reduce or eliminate the state income
7 tax liability for low-income taxpayers. After completing the
8 income tax calculations required by this chapter, taxpayers with
9 federal adjusted gross income below the federal poverty
10 guidelines and with an income tax liability shall receive a
11 credit that eliminates their income tax liability. Taxpayers
12 with federal adjusted gross income between one hundred and one
13 hundred twenty-five per cent of the federal poverty guidelines
14 and with an income tax liability shall receive a credit that
15 reduces their income tax liability by fifty per cent. Taxpayers
16 with income above one hundred twenty-five per cent of the
17 federal poverty guidelines shall be ineligible for the credit.

18 (b) For purposes of this section:



1 "Federal poverty guidelines" means the guidelines set forth
2 by the United States Department of Health and Human Services
3 each year for Hawaii.

4 (c) All claims for a tax credit under this section,
5 including amended claims, shall be filed on or before the end of
6 the twelfth month following the close of the taxable year for
7 which the tax credit may be claimed. Failure to comply with the
8 foregoing provision shall constitute a waiver of the right to
9 claim the tax credit.

10 (d) The director of taxation shall prepare any forms that
11 may be necessary to claim a credit under this section. The
12 director may also require the taxpayer to furnish information to
13 ascertain the validity of the claim for the tax credit made
14 under this section and may adopt rules necessary to effectuate
15 the purposes of this section pursuant to chapter 91."

16 SECTION 2. New statutory material is underscored.

17 SECTION 3. This Act, upon its approval, shall apply to
18 taxable years beginning after December 31, 2012.

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S.B. NO. **98**

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S.B. NO. 98

Report Title:

Tax Credit; Poor; Federal Poverty Guidelines

Description:

Reduces the tax liability for low-income people by creating a tax credit that will reduce a person's income tax to zero if their federal adjusted gross income falls below federal poverty guidelines. Reduces a person's income tax liability by fifty per cent if the person's federal adjusted gross income falls between 100 and 125 percent of federal poverty guidelines.

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