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# 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 taxes 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, a taxpayer  
9 with a federal adjusted gross income below the federal poverty  
10 guidelines and with a state income tax liability shall receive a  
11 credit that eliminates the taxpayer's state income tax  
12 liability. A taxpayer with a federal adjusted gross income of  
13 at least one hundred but not more than one hundred twenty-five  
14 per cent of the federal poverty guidelines and with a state  
15 income tax liability shall receive a credit that reduces the  
16 taxpayer's state income tax liability by fifty per cent. A  
17 taxpayer with a federal adjusted gross income above one hundred



1 twenty-five per cent of the federal poverty guidelines shall be  
2 ineligible for the credit.

3 (b) For purposes of this section:

4 "Federal poverty guidelines" means the guidelines set forth  
5 by the United States Department of Health and Human Services  
6 each year for Hawaii.

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

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

19 SECTION 2. New statutory material is underscored.

20 SECTION 3. This Act shall take effect on July 1, 2030, and  
21 apply to taxable years beginning after December 31, 2013.



**Report Title:**

Tax Credit; Low-Income Taxpayers

**Description:**

Reduces the tax liability for low-income taxpayers by creating a tax credit that will eliminate a taxpayer's income tax liability if their federal adjusted gross income falls below federal poverty guidelines. Reduces a taxpayer's income tax liability by 50% if the taxpayer's federal adjusted gross income falls between 100-125% of federal poverty guidelines. Effective 07/01/2030. (HD1)

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

