
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

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

5 "§235- Earned income tax credit. (a) Each qualifying
6 individual taxpayer may claim a nonrefundable earned income tax
7 credit. The tax credit, for the appropriate taxable year, shall
8 be twenty per cent of the federal earned income tax credit
9 allowed and properly claimed under section 32 of the Internal
10 Revenue Code and reported as such on the individual's federal
11 income tax return.

12 (b) For a part-year resident, the tax credit shall equal
13 the amount of the tax credit calculated in subsection (a)
14 multiplied by the ratio of Hawaii adjusted gross income to
15 federal adjusted gross income.

16 (c) For purposes of this section, "qualifying individual
17 taxpayer" means a taxpayer that:



1 (1) Files a federal income tax return for the taxable year
2 claiming the earned income tax credit under section 32
3 of the Internal Revenue Code; and

4 (2) Files a Hawaii income tax return using the filing
5 status used on the federal income tax return for the
6 taxable year and claiming the same dependents claimed
7 on the federal income tax return for the taxable year.

8 (d) The credit allowed under this section shall be claimed
9 against the net income tax liability for the taxable year. If
10 the tax credit under this section exceeds the taxpayer's income
11 tax liability, the excess of the tax credit over liability may
12 be used as a credit against the taxpayer's net income tax
13 liability in subsequent years until exhausted. All claims,
14 including amended claims, for a tax credit under this section
15 shall be filed on or before the end of the twelfth month
16 following the close of the taxable year for which the credit may
17 be claimed. Failure to comply with the foregoing provision shall
18 constitute a waiver of the right to claim the credit.

19 (e) No credit shall be allowed under this section for any
20 taxable year in the disallowance period. For purposes of this
21 subsection, the disallowance period is:



- 1 (1) The period of ten taxable years after the most recent
- 2 taxable year for which there was a final
- 3 administrative or judicial decision that the
- 4 taxpayer's claim for credit under this section was due
- 5 to fraud; and
- 6 (2) The period of two taxable years after the most recent
- 7 taxable year for which there was a final
- 8 administrative or judicial decision disallowing the
- 9 taxpayer's claim for credit.
- 10 (f) The director of taxation:
- 11 (1) Shall prepare any forms necessary to claim a tax
- 12 credit under this section;
- 13 (2) May require proof of the claim for the tax credit;
- 14 (3) Shall alert eligible taxpayers of the tax credit using
- 15 appropriate and available means;
- 16 (4) Shall prepare an annual public report to the
- 17 legislature and the governor containing the:
- 18 (A) Number of credits granted for the prior calendar
- 19 year;
- 20 (B) Total amount of the credits granted; and



1 (C) Average value of the credits granted to
2 taxpayers whose earned income falls within
3 various income ranges; and
4 (5) May adopt rules pursuant to chapter 91 to effectuate
5 this section.
6 (g) This section shall apply to taxable years beginning
7 after December 31, 2017, but shall not apply to taxable years
8 beginning after December 31, 2022."

PART II

10 SECTION 2. Section 235-51, Hawaii Revised Statutes, is
11 amended by amending subsections (a), (b), and (c) to read as
12 follows:

13 "(a) There is hereby imposed on the taxable income of (1)
14 every taxpayer who files a joint return under section 235-93;
15 and (2) every surviving spouse a tax determined in accordance
16 with the following table:

17 In the case of any taxable year beginning after December
18 31, 2001:

19	If the taxable income is:	The tax shall be:
20	Not over \$4,000	1.40% of taxable income
21	Over \$4,000 but	\$56.00 plus 3.20% of



1	not over \$8,000	excess over \$4,000
2	Over \$8,000 but	\$184.00 plus 5.50% of
3	not over \$16,000	excess over \$8,000
4	Over \$16,000 but	\$624.00 plus 6.40% of
5	not over \$24,000	excess over \$16,000
6	Over \$24,000 but	\$1,136.00 plus 6.80% of
7	not over \$32,000	excess over \$24,000
8	Over \$32,000 but	\$1,680.00 plus 7.20% of
9	not over \$40,000	excess over \$32,000
10	Over \$40,000 but	\$2,256.00 plus 7.60% of
11	not over \$60,000	excess over \$40,000
12	Over \$60,000 but	\$3,776.00 plus 7.90% of
13	not over \$80,000	excess over \$60,000
14	Over \$80,000	\$5,356.00 plus 8.25% of
15		excess over \$80,000.

16 In the case of any taxable year beginning after
 17 December 31, 2006:

18	If the taxable income is:	The tax shall be:
19	Not over \$4,800	1.40% of taxable income
20	Over \$4,800 but	\$67.00 plus 3.20% of
21	not over \$9,600	excess over \$4,800



1	Over \$9,600 but	\$221.00 plus 5.50% of
2	not over \$19,200	excess over \$9,600
3	Over \$19,200 but	\$749.00 plus 6.40% of
4	not over \$28,800	excess over \$19,200
5	Over \$28,800 but	\$1,363.00 plus 6.80% of
6	not over \$38,400	excess over \$28,800
7	Over \$38,400 but	\$2,016.00 plus 7.20% of
8	not over \$48,000	excess over \$38,400
9	Over \$48,000 but	\$2,707.00 plus 7.60% of
10	not over \$72,000	excess over \$48,000
11	Over \$72,000 but	\$4,531.00 plus 7.90% of
12	not over \$96,000	excess over \$72,000
13	Over \$96,000	\$6,427.00 plus 8.25% of
14		excess over \$96,000.

15 In the case of any taxable year beginning after December
16 31, 2017:

17	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
18	<u>Not over \$4,800</u>	<u>1.40% of taxable income</u>
19	<u>Over \$4,800 but</u>	<u>\$67.00 plus 3.20% of</u>
20	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
21	<u>Over \$9,600 but</u>	<u>\$221.00 plus 5.50% of</u>



1	<u>not over \$19,200</u>	<u>excess over \$9,600</u>
2	<u>Over \$19,200 but</u>	<u>\$749.00 plus 6.40% of</u>
3	<u>not over \$28,800</u>	<u>excess over \$19,200</u>
4	<u>Over \$28,800 but</u>	<u>\$1,363.00 plus 6.80% of</u>
5	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
6	<u>Over \$38,400 but</u>	<u>\$2,016.00 plus 7.20% of</u>
7	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
8	<u>Over \$48,000 but</u>	<u>\$2,707.00 plus 7.60% of</u>
9	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
10	<u>Over \$72,000 but</u>	<u>\$4,531.00 plus 7.90% of</u>
11	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
12	<u>Over \$96,000 but</u>	<u>\$6,427.00 plus 8.25% of</u>
13	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
14	<u>Over \$300,000 but</u>	<u>\$23,257.00 plus 9.00% of</u>
15	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
16	<u>Over \$350,000 but</u>	<u>\$27,757.00 plus 10.00% of</u>
17	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
18	<u>Over \$400,000</u>	<u>\$32,757.00 plus 11.00% of</u>
19		<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
5 31, 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 9 not over \$6,000	\$42.00 plus 3.20% of excess over \$3,000
10 Over \$6,000 but 11 not over \$12,000	\$138.00 plus 5.50% of excess over \$6,000
12 Over \$12,000 but 13 not over \$18,000	\$468.00 plus 6.40% of excess over \$12,000
14 Over \$18,000 but 15 not over \$24,000	\$852.00 plus 6.80% of excess over \$18,000
16 Over \$24,000 but 17 not over \$30,000	\$1,260.00 plus 7.20% of excess over \$24,000
18 Over \$30,000 but 19 not over \$45,000	\$1,692.00 plus 7.60% of excess over \$30,000
20 Over \$45,000 but 21 not over \$60,000	\$2,832.00 plus 7.90% of 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
4 December 31, 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



excess over \$72,000.

In the case of any taxable year beginning after December

31, 2017:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$3,600</u>	<u>1.40% of taxable income</u>
<u>Over \$3,600 but</u>	<u>\$50.00 plus 3.20% of</u>
<u>not over \$7,200</u>	<u>excess over \$3,600</u>
<u>Over \$7,200 but</u>	<u>\$166.00 plus 5.50% of</u>
<u>not over \$14,400</u>	<u>excess over \$7,200</u>
<u>Over \$14,400 but</u>	<u>\$562.00 plus 6.40% of</u>
<u>not over \$21,600</u>	<u>excess over \$14,400</u>
<u>Over \$21,600 but</u>	<u>\$1,022.00 plus 6.80% of</u>
<u>not over \$28,800</u>	<u>excess over \$21,600</u>
<u>Over \$28,800 but</u>	<u>\$1,512.00 plus 7.20% of</u>
<u>not over \$36,000</u>	<u>excess over \$28,800</u>
<u>Over \$36,000 but</u>	<u>\$2,030.00 plus 7.60% of</u>
<u>not over \$54,000</u>	<u>excess over \$36,000</u>
<u>Over \$54,000 but</u>	<u>\$3,398.00 plus 7.90% of</u>
<u>not over \$72,000</u>	<u>excess over \$54,000</u>
<u>Over \$72,000 but</u>	<u>\$4,820.00 plus 8.25% of</u>
<u>not over \$225,000</u>	<u>excess over \$72,000</u>



1	<u>Over \$225,000 but</u>	<u>\$17,443.00 plus 9.00% of</u>
2	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
3	<u>Over \$262,500 but</u>	<u>\$20,818.00 plus 10.00% of</u>
4	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
5	<u>Over \$300,000</u>	<u>\$24,568.00 plus 11.00% of</u>
6		<u>excess over \$300,000.</u>

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

13 In the case of any taxable year beginning after
14 December 31, 2001:

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



1	not over \$12,000	excess over \$8,000
2	Over \$12,000 but	\$568.00 plus 6.80% of
3	not over \$16,000	excess over \$12,000
4	Over \$16,000 but	\$840.00 plus 7.20% of
5	not over \$20,000	excess over \$16,000
6	Over \$20,000 but	\$1,128.00 plus 7.60% of
7	not over \$30,000	excess over \$20,000
8	Over \$30,000 but	\$1,888.00 plus 7.90% of
9	not over \$40,000	excess over \$30,000
10	Over \$40,000	\$2,678.00 plus 8.25% of
11		excess over \$40,000.

12 In the case of any taxable year beginning after

13 December 31, 2006:

14	If the taxable income is:	The tax shall be:
15	Not over \$2,400	1.40% of taxable income
16	Over \$2,400 but	\$34.00 plus 3.20% of
17	not over \$4,800	excess over \$2,400
18	Over \$4,800 but	\$110.00 plus 5.50% of
19	not over \$9,600	excess over \$4,800
20	Over \$9,600 but	\$374.00 plus 6.40% of
21	not over \$14,400	excess over \$9,600



1	Over \$14,400 but	\$682.00 plus 6.80% of
2	not over \$19,200	excess over \$14,400
3	Over \$19,200 but	\$1,008.00 plus 7.20% of
4	not over \$24,000	excess over \$19,200
5	Over \$24,000 but	\$1,354.00 plus 7.60% of
6	not over \$36,000	excess over \$24,000
7	Over \$36,000 but	\$2,266.00 plus 7.90% of
8	not over \$48,000	excess over \$36,000
9	Over \$48,000	\$3,214.00 plus 8.25% of
10		excess over \$48,000.

11 In the case of any taxable year beginning after December
12 31, 2017:

13	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
14	<u>Not over \$2,400</u>	<u>1.40% of taxable income</u>
15	<u>Over \$2,400 but</u>	<u>\$34.00 plus 3.20% of</u>
16	<u>not over \$4,800</u>	<u>excess over \$2,400</u>
17	<u>Over \$4,800 but</u>	<u>\$110.00 plus 5.50% of</u>
18	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
19	<u>Over \$9,600 but</u>	<u>\$374.00 plus 6.40% of</u>
20	<u>not over \$14,400</u>	<u>excess over \$9,600</u>



1	<u>Over \$14,400 but</u>	<u>\$682.00 plus 6.80% of</u>
2	<u>not over \$19,200</u>	<u>excess over \$14,400</u>
3	<u>Over \$19,200 but</u>	<u>\$1,008.00 plus 7.20% of</u>
4	<u>not over \$24,000</u>	<u>excess over \$19,200</u>
5	<u>Over \$24,000 but</u>	<u>\$1,354.00 plus 7.60% of</u>
6	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
7	<u>Over \$36,000 but</u>	<u>\$2,266.00 plus 7.90% of</u>
8	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
9	<u>Over \$48,000 but</u>	<u>\$3,214.00 plus 8.25% of</u>
10	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
11	<u>Over \$150,000 but</u>	<u>\$11,629.00 plus 9.00% of</u>
12	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
13	<u>Over \$175,000 but</u>	<u>\$13,879.00 plus 10.00% of</u>
14	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
15	<u>Over \$200,000</u>	<u>\$16,379.00 plus 11.00% of</u>
16		<u>excess over \$200,000."</u>

PART III

18 SECTION 3. Act 223, Session Laws of Hawaii 2015, is
19 amended by amending section 4 to read as follows:

20 "SECTION 4. This Act, upon its approval, shall apply to
21 taxable years beginning after December 31, 2015 [~~;~~ ~~provided that~~



1 ~~this Act shall be repealed on December 31, 2017, and section~~
2 ~~235-55.85, Hawaii Revised Statutes, shall be reenacted in the~~
3 ~~form in which it read on the day prior to the effective date of~~
4 ~~this Act]."~~

5 PART IV

6 SECTION 4. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 5. This Act shall take effect upon its approval.



Report Title:

Earned Income Tax Credit; Income Tax Rates; Refundable
Food/Excise Tax Credit

Description:

Establishes a state earned income tax credit. Changes income
tax rates after 12/31/17. Repeals the sunset date for
amendments made to the refundable food/excise tax credit by Act
223, SLH 2015. (HB209 CD1)

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

