



1           "§235- Refundable earned income tax credit. (a) Each  
2 qualifying individual taxpayer may claim a refundable earned  
3 income tax credit. The tax credit, for the appropriate taxable  
4 year, shall be twenty per cent of the federal earned income tax  
5 credit allowed and properly claimed under the Internal Revenue  
6 Code and reported as such on the individual's federal income tax  
7 return.

8           (b) For a part-year resident, the tax credit shall equal  
9 the amount of the tax credit calculated in subsection (a)  
10 multiplied by the ratio of Hawaii adjusted gross income to  
11 federal adjusted gross income.

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

14           (1) Files a federal income tax return for the taxable year  
15 claiming the earned income tax credit under the  
16 Internal Revenue Code; and

17           (2) Files a Hawaii income tax return using the filing  
18 status used on the federal income tax return for the  
19 taxable year and claiming the same dependents claimed  
20 on the federal income tax return for the taxable year.



1        (d) The credit allowed under this section shall be claimed  
2 against the net income tax liability for the taxable year. If  
3 the tax credit under this section exceeds the taxpayer's income  
4 tax liability, the excess of the tax credit over liability shall  
5 be refunded to the taxpayer; provided that the tax credit  
6 claimed by a taxpayer who has no income tax liability shall be  
7 paid to the taxpayer; provided further that no refunds or  
8 payment on account of the tax credit allowed by this section  
9 shall be made for amounts less than \$1. All claims, including  
10 amended claims, for a tax credit under this section shall be  
11 filed on or before the end of the twelfth month following the  
12 close of the taxable year for which the credit may be claimed.  
13 Failure to comply with the foregoing provision shall constitute  
14 a waiver of the right to claim the credit.

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

18        (1) The period of ten taxable years after the most recent  
19 taxable year for which there was a final  
20 administrative or judicial decision that the



1           taxpayer's claim for credit under this section was due  
2           to fraud; and

3           (2) The period of two taxable years after the most recent  
4           taxable year for which there was a final  
5           administrative or judicial decision disallowing the  
6           taxpayer's claim for credit.

7           (f) The director of taxation:

8           (1) Shall prepare any forms necessary to claim a tax  
9           credit under this section;

10          (2) May require proof of the claim for the tax credit;

11          (3) Shall alert eligible taxpayers of the tax credit using  
12          appropriate and available means;

13          (4) Shall prepare an annual public report to the  
14          legislature and the governor containing the:

15          (A) Number of credits granted for the prior calendar  
16          year;

17          (B) Total amount of the credits granted; and

18          (C) Average value of the credits granted to taxpayers  
19          whose earned income falls within various income  
20          ranges; and





1 separate tax returns for a taxable year for which a joint return  
 2 could have been filed by them shall claim only the tax credit to  
 3 which they would have been entitled had a joint return been  
 4 filed.

5	Adjusted gross income		
6	for taxpayers filing		
7	a single return	Credit per exemption	
8	Under \$5,000	<del>[\$110]</del>	\$ _____
9	\$5,000 under \$10,000	<del>[\$100]</del>	\$ _____
10	\$10,000 under \$15,000	<del>[\$ 85]</del>	\$ _____
11	\$15,000 under \$20,000	<del>[\$ 70]</del>	\$ _____
12	\$20,000 under \$30,000	<del>[\$ 55]</del>	\$ _____
13	\$30,000 and over	<del>[\$ 0.]</del>	\$ _____.

14	Adjusted gross income		
15	for heads of household,		
16	married individuals filing		
17	separate returns, and		
18	married couples filing		
19	joint returns	Credit per exemption	
20	Under \$5,000	<del>[\$110]</del>	\$ _____
21	\$5,000 under \$10,000	<del>[\$100]</del>	\$ _____



1	\$10,000 under \$15,000	<del>[\$ 85]</del>	\$ _____
2	\$15,000 under \$20,000	<del>[\$ 70]</del>	\$ _____
3	\$20,000 under \$30,000	<del>[\$ 55]</del>	\$ _____
4	\$30,000 under \$40,000	<del>[\$ 45]</del>	\$ _____
5	\$40,000 under \$50,000	<del>[\$ 35]</del>	\$ _____
6	\$50,000 and over	<del>[\$ 0.]</del>	\$ _____."

PART IV

8 SECTION 5. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 6. This Act, upon its approval, shall apply to  
11 taxable years beginning after December 31, 2018; provided that  
12 part II, upon its approval, shall apply to taxable years  
13 beginning after December 31, 2019.

14

INTRODUCED BY: *Bease. Ann*

JAN 24 2019



# H.B. NO. 1480

**Report Title:**

Tax Credits; Income Tax Credit for Low-income Household Renters;  
Earned Income Tax Credit; Refundable Food/Excise Tax Credit

**Description:**

Increases the allowable income tax credit for low-income household renters to an unspecified amount. Makes the earned income tax credit refundable for ten taxable years beginning after 12/31/2019. Increases the allowable amount of the refundable food/excise tax credit to an unspecified amount.

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