
A BILL FOR AN ACT

RELATING TO INDIVIDUAL INCOME TAX REDUCTIONS.

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

1 SECTION 1. The legislature finds that Hawaii has one of
2 the highest individual income tax rates in the country. Even a
3 single filer working full-time at the minimum wage of \$10.10 an
4 hour, which is about \$20,200 a year, must pay \$1,008 plus 7.2
5 percent in taxes of any excess over \$19,200. According to the
6 United States Department of Housing and Urban Development, a
7 single person earning an annual income of up to \$63,350
8 qualifies as low income in Honolulu. An individual at this
9 income level is required to pay taxes of \$3,214 plus 8.25
10 percent of any income over \$48,000. It is undeniable that
11 Hawaii's individual income tax structure disproportionately
12 burdens low and moderate-income households.

13 Furthermore, filers at low to medium-income levels
14 contribute relatively little to the overall income tax revenues.
15 In 2016, the last year for which data is available on the number
16 of filers by annual income, 72.61 percent of income tax revenue
17 was generated by filers making more than \$75,000 a year.



1 Providing tax relief for low to medium-income earners will have
2 a minimal impact on the state's revenues.

3 The legislature also finds the State can maintain an equal
4 amount of revenue by repealing the individual income tax for
5 those making \$20,000 or less per year and slowly scaling
6 marginal tax rates for those making \$75,000 a year or less.
7 Using 2016 revenue data, this adjustment would result in a loss
8 of only \$198 million while adding a consequential amount of
9 money back into residents' paychecks.

10 The purpose of this Act is to repeal the individual income
11 tax for single and heads-of-household filers making less than
12 \$20,000 a year and for joint filers making less than \$40,000 a
13 year and scale low and middle-income tax rates more gradually.

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

17 (a) There is hereby imposed on the taxable income of
18 every:

19 (1) Taxpayer who files a joint return under section 235-
20 93; and



1 (2) Surviving spouse, a tax determined in accordance with
2 the following table:

3 In the case of any taxable year beginning after December
4 31, 2001:

5 If the taxable income is:	The tax shall be:
6 Not over \$4,000	1.40% of taxable income
7 Over \$4,000 but 8 not over \$8,000	\$56.00 plus 3.20% of excess over \$4,000
9 Over \$8,000 but 10 not over \$16,000	\$184.00 plus 5.50% of excess over \$8,000
11 Over \$16,000 but 12 not over \$24,000	\$624.00 plus 6.40% of excess over \$16,000
13 Over \$24,000 but 14 not over \$32,000	\$1,136.00 plus 6.80% of excess over \$24,000
15 Over \$32,000 but 16 not over \$40,000	\$1,680.00 plus 7.20% of excess over \$32,000
17 Over \$40,000 but 18 not over \$60,000	\$2,256.00 plus 7.60% of excess over \$40,000
19 Over \$60,000 but 20 not over \$80,000	\$3,776.00 plus 7.90% of excess over \$60,000
21 Over \$80,000	\$5,356.00 plus 8.25% of



H.B. NO. 2240

excess over \$80,000.

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

If the taxable income is:	The tax shall be:
Not over \$4,800	1.40% of taxable income
Over \$4,800 but not over \$9,600	\$67.00 plus 3.20% of excess over \$4,800
Over \$9,600 but not over \$19,200	\$221.00 plus 5.50% of excess over \$9,600
Over \$19,200 but not over \$28,800	\$749.00 plus 6.40% of excess over \$19,200
Over \$28,800 but not over \$38,400	\$1,363.00 plus 6.80% of excess over \$28,800
Over \$38,400 but not over \$48,000	\$2,016.00 plus 7.20% of excess over \$38,400
Over \$48,000 but not over \$72,000	\$2,707.00 plus 7.60% of excess over \$48,000
Over \$72,000 but not over \$96,000	\$4,531.00 plus 7.90% of excess over \$72,000
Over \$96,000	\$6,427.00 plus 8.25% of



1 excess over \$96,000.

2
3 In the case of any taxable year beginning after December
4 31, 2017:

5	If the taxable income is:	The tax shall be:
6	Not over \$4,800	1.40% of taxable income
7	Over \$4,800 but	\$67.00 plus 3.20% of
8	not over \$9,600	excess over \$4,800
9	Over \$9,600 but	\$221.00 plus 5.50% of
10	not over \$19,200	excess over \$9,600
11	Over \$19,200 but	\$749.00 plus 6.40% of
12	not over \$28,800	excess over \$19,200
13	Over \$28,800 but	\$1,363.00 plus 6.80% of
14	not over \$38,400	excess over \$28,800
15	Over \$38,400 but	\$2,016.00 plus 7.20% of
16	not over \$48,000	excess over \$38,400
17	Over \$48,000 but	\$2,707.00 plus 7.60% of
18	not over \$72,000	excess over \$48,000
19	Over \$72,000 but	\$4,531.00 plus 7.90% of
20	not over \$96,000	excess over \$72,000
21	Over \$96,000 but	\$6,427.00 plus 8.25% of

1	not over \$300,000	excess over \$96,000
2	Over \$300,000 but	\$23,257.00 plus 9.00% of
3	not over \$350,000	excess over \$300,000
4	Over \$350,000 but	\$27,757.00 plus 10.00% of
5	not over \$400,000	excess over \$350,000
6	Over \$400,000	\$32,757.00 plus 11.00% of
7		excess over \$400,000.

8 In the case of any taxable year beginning after December
9 31, 2020:

10	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
11	<u>Over \$40,000 but</u>	<u>\$1,008.00 plus 3.6% of</u>
12	<u>not over \$48,000</u>	<u>excess over \$40,000</u>
13	<u>Over \$48,000 but</u>	<u>\$1,354.00 plus 4.94% of</u>
14	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
15	<u>Over \$72,000 but</u>	<u>\$3,851.00 plus 6.72% of</u>
16	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
17	<u>Over \$96,000 but</u>	<u>\$5,784.00 plus 7.5% of</u>
18	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
19	<u>Over \$300,000 but</u>	<u>\$23,257.00 plus 9.00% of</u>
20	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
21	<u>Over \$350,000 but</u>	<u>\$27,757.00 plus 10.00% of</u>



H.B. NO. 2240

1	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
2	<u>Over \$400,000</u>	<u>\$32,757.00 plus 11.00% of</u>
3		<u>excess over \$400,000.</u>

4 (b) There is hereby imposed on the taxable income of every
5 head of a household a tax determined in accordance with the
6 following table:

7 In the case of any taxable year beginning after December
8 31, 2001:

9	If the taxable income is:	The tax shall be:
10	Not over \$3,000	1.40% of taxable income
11	Over \$3,000 but	\$42.00 plus 3.20% of
12	not over \$6,000	excess over \$3,000
13	Over \$6,000 but	\$138.00 plus 5.50% of
14	not over \$12,000	excess over \$6,000
15	Over \$12,000 but	\$468.00 plus 6.40% of
16	not over \$18,000	excess over \$12,000
17	Over \$18,000 but	\$852.00 plus 6.80% of
18	not over \$24,000	excess over \$18,000
19	Over \$24,000 but	\$1,260.00 plus 7.20% of
20	not over \$30,000	excess over \$24,000
21	Over \$30,000 but	\$1,692.00 plus 7.60% of



H.B. NO. 2240

1	not over \$45,000	excess over \$30,000
2	Over \$45,000 but	\$2,832.00 plus 7.90% of
3	not over \$60,000	excess over \$45,000
4	Over \$60,000	\$4,017.00 plus 8.25% of
5		excess over \$60,000.
6	In the case of any taxable year beginning after December	
7	31, 2006:	
8	If the taxable income is:	The tax shall be:
9	Not over \$3,600	1.40% of taxable income
10	Over \$3,600 but	\$50.00 plus 3.20% of
11	not over \$7,200	excess over \$3,600
12	Over \$7,200 but	\$166.00 plus 5.50% of
13	not over \$14,400	excess over \$7,200
14	Over \$14,400 but	\$562.00 plus 6.40% of
15	not over \$21,600	excess over \$14,400
16	Over \$21,600 but	\$1,022.00 plus 6.80% of
17	not over \$28,800	excess over \$21,600
18	Over \$28,800 but	\$1,512.00 plus 7.20% of
19	not over \$36,000	excess over \$28,800
20	Over \$36,000 but	\$2,030.00 plus 7.60% of
21	not over \$54,000	excess over \$36,000



1 Over \$54,000 but \$3,398.00 plus 7.90% of
2 not over \$72,000 excess over \$54,000
3 Over \$72,000 \$4,820.00 plus 8.25% of
4 excess over \$72,000.

5 In the case of any taxable year beginning after December
6 31, 2017:

7	If the taxable income is:	The tax shall be:
8	Not over \$3,600	1.40% of taxable income
9	Over \$3,600 but	\$50.00 plus 3.20% of
10	not over \$7,200	excess over \$3,600
11	Over \$7,200 but	\$166.00 plus 5.50% of
12	not over \$14,400	excess over \$7,200
13	Over \$14,400 but	\$562.00 plus 6.40% of
14	not over \$21,600	excess over \$14,400
15	Over \$21,600 but	\$1,022.00 plus 6.80% of
16	not over \$28,800	excess over \$21,600
17	Over \$28,800 but	\$1,512.00 plus 7.20% of
18	not over \$36,000	excess over \$28,800
19	Over \$36,000 but	\$2,030.00 plus 7.60% of
20	not over \$54,000	excess over \$36,000
21	Over \$54,000 but	\$3,398.00 plus 7.90% of



H.B. NO. 2240

1	not over \$72,000	excess over \$54,000
2	Over \$72,000 but	\$4,820.00 plus 8.25% of
3	not over \$225,000	excess over \$72,000
4	Over \$225,000 but	\$17,443.00 plus 9.00% of
5	not over \$262,500	excess over \$225,000
6	Over \$262,500 but	\$20,818.00 plus 10.00% of
7	not over \$300,000	excess over \$262,500
8	Over \$300,000	\$24,568.00 plus 11.00% of
9		excess over \$300,000.

10 In the case of any taxable year beginning after December
 11 21, 2020:

12	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
13	<u>Over \$20,000 but</u>	<u>\$281.00 plus 2.60% of</u>
14	<u>not over \$21,600</u>	<u>excess over \$20,000</u>
15	<u>Over \$21,600 but</u>	<u>\$511.00 plus 3.4% of</u>
16	<u>not over \$28,800</u>	<u>excess over \$21,600</u>
17	<u>Over \$28,800 but</u>	<u>\$756.00 plus 3.6% of</u>
18	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
19	<u>Over \$36,000 but</u>	<u>\$1,320.00 plus 4.90% of</u>
20	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
21	<u>Over \$54,000 but</u>	<u>\$2,888.00 plus 6.72% of</u>



H.B. NO. 2240

1	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
2	<u>Over \$72,000 but</u>	<u>\$4,097.00 plus 7.00% of</u>
3	<u>not over \$225,000</u>	<u>excess over \$72,000</u>
4	<u>Over \$225,000 but</u>	<u>\$17,443.00 plus 9.00% of</u>
5	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
6	<u>Over \$262,500 but</u>	<u>\$20,818.00 plus 10.00% of</u>
7	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
8	<u>Over \$300,000 but</u>	<u>\$24,568.00 plus 11.00% of</u>
9		<u>excess over \$300,000.</u>

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

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

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



H.B. NO. 2240

1	Over \$4,000 but	\$92.00 plus 5.50% of
2	not over \$8,000	excess over \$4,000
3	Over \$8,000 but	\$312.00 plus 6.40% of
4	not over \$12,000	excess over \$8,000
5	Over \$12,000 but	\$568.00 plus 6.80% of
6	not over \$16,000	excess over \$12,000
7	Over \$16,000 but	\$840.00 plus 7.20% of
8	not over \$20,000	excess over \$16,000
9	Over \$20,000 but	\$1,128.00 plus 7.60% of
10	not over \$30,000	excess over \$20,000
11	Over \$30,000 but	\$1,888.00 plus 7.90% of
12	not over \$40,000	excess over \$30,000
13	Over \$40,000	\$2,678.00 plus 8.25% of
14		excess over \$40,000.

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

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



H.B. NO. 2240

1	not over \$9,600	excess over \$4,800
2	Over \$9,600 but	\$374.00 plus 6.40% of
3	not over \$14,400	excess over \$9,600
4	Over \$14,400 but	\$682.00 plus 6.80% of
5	not over \$19,200	excess over \$14,400
6	Over \$19,200 but	\$1,008.00 plus 7.20% of
7	not over \$24,000	excess over \$19,200
8	Over \$24,000 but	\$1,354.00 plus 7.60% of
9	not over \$36,000	excess over \$24,000
10	Over \$36,000 but	\$2,266.00 plus 7.90% of
11	not over \$48,000	excess over \$36,000
12	Over \$48,000	\$3,214.00 plus 8.25% of
13		excess over \$48,000.

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

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



H.B. NO. 2240

1	Over \$9,600 but	\$374.00 plus 6.40% of
2	not over \$14,400	excess over \$9,600
3	Over \$14,400 but	\$682.00 plus 6.80% of
4	not over \$19,200	excess over \$14,400
5	Over \$19,200 but	\$1,008.00 plus 7.20% of
6	not over \$24,000	excess over \$19,200
7	Over \$24,000 but	\$1,354.00 plus 7.60% of
8	not over \$36,000	excess over \$24,000
9	Over \$36,000 but	\$2,266.00 plus 7.90% of
10	not over \$48,000	excess over \$36,000
11	Over \$48,000 but	\$3,214.00 plus 8.25% of
12	not over \$150,000	excess over \$48,000
13	Over \$150,000 but	\$11,629.00 plus 9.00% of
14	not over \$175,000	excess over \$150,000
15	Over \$175,000 but	\$13,879.00 plus 10.00% of
16	not over \$200,000	excess over \$175,000
17	Over \$200,000	\$16,379.00 plus 11.00% of
18		excess over \$200,000.

19 In the case of any taxable year beginning after December
 20 31, 2020:

21 If the taxable income is: The tax shall be:



H.B. NO. 2240

1	<u>Over \$20,000 but</u>	<u>\$504.00 plus 3.60% of</u>
2	<u>not over \$24,000</u>	<u>excess over \$20,000</u>
3	<u>Over \$24,000 but</u>	<u>\$677.00 plus 3.8% of</u>
4	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
5	<u>Over \$36,000 but</u>	<u>\$1,473.00 plus 5.10% of</u>
6	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
7	<u>Over \$48,000 but</u>	<u>\$2,411.00 plus 6.20% of</u>
8	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
9	<u>Over \$150,000 but</u>	<u>\$11,629.00 plus 9.00% of</u>
10	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
11	<u>Over \$200,000</u>	<u>\$16,379.00 plus 11.00% of</u>
12		<u>excess over \$200,000."</u>

13 SECTION 3. Statutory material to be repealed is bracketed
 14 and stricken. New statutory material is underscored.

15 SECTION 4. This Act shall take effect on July 1, 2020.
 16
 17

INTRODUCED BY:

[Handwritten signatures and names]
 Jim McIntosh
 Steve H. Mc
 Duane K. Taggart
 Carl C. B.
 G. K. K. K. K.



H.B. NO. 2240

Piela Cabowlle Ara Kawa

Ginthe Tholen

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Nicole E. Lora

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JAN 21 2020



H.B. NO. 2240

Report Title:

Individual income tax reduction

Description:

Eliminates the individual income tax for single filers and heads of households making less than \$20,000 or joint filers making less than \$40,000 and increases the income tax rate more slowly for low and medium-income filers.

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