

JAN 18 2019

A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

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PART I

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SECTION 1. Section 235-55.7, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

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"(c) Each taxpayer with an adjusted gross income of less than \$30,000 who has paid more than \$1,000 in rent during the taxable year for which the credit is claimed may claim a tax credit of [~~\$50~~] \$ _____ multiplied by the number of

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taxable year for which the credit is claimed may claim a tax

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credit of [~~\$50~~] \$ _____ multiplied by the number of

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qualified exemptions to which the taxpayer is entitled; provided

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each taxpayer sixty-five years of age or over may claim double

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the tax credit; and provided that a resident individual who has

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no income or no income taxable under this chapter may also claim

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the tax credit as set forth in this section."

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PART II

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SECTION 2. Chapter 235, Hawaii Revised Statutes, is

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amended by adding a new section to part III to be appropriately

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designated and to read as follows:



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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



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1 (5) May adopt rules pursuant to chapter 91 to effectuate
2 this section.

3 (g) This section shall apply to taxable years beginning
4 after December 31, 2019, but shall not apply to taxable years
5 beginning after December 31, 2029."

6 SECTION 3. Section 235-55.75, Hawaii Revised Statutes, is
7 amended as follows:

8 1. By amending its title to read:

9 "~~[f] §235-55.75 [f]—Earned]~~ Nonrefundable earned income tax
10 credit."

11 2. By amending subsection (g) to read:

12 "(g) This section shall apply to taxable years beginning
13 after December 31, 2017, but shall not apply to taxable years
14 beginning after December 31, ~~[2022-]~~ 2019."

15 **PART III**

16 SECTION 4. Section 235-55.85, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:

18 "(b) Each individual taxpayer may claim a refundable
19 food/excise tax credit multiplied by the number of qualified
20 exemptions to which the taxpayer is entitled in accordance with
21 the table below; provided that a husband and wife filing



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	[\$110] \$ _____
9	\$5,000 under \$10,000	[\$100] \$ _____
10	\$10,000 under \$15,000	[\$ 85] \$ _____
11	\$15,000 under \$20,000	[\$ 70] \$ _____
12	\$20,000 under \$30,000	[\$ 55] \$ _____
13	\$30,000 and over	[\$ 0.] \$ _____.

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	[\$110] \$ _____
21	\$5,000 under \$10,000	[\$100] \$ _____



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

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.

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INTRODUCED BY:

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S.B. NO. 579

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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