
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. The legislature finds that real property tax is
3 a relatively stable income source that is easy to collect and
4 difficult for taxpayers to avoid. Real property tax is
5 collected whether the owner is located in the State or not, and
6 real property taxes paid can potentially reduce the federal tax
7 burden for taxpayers in Hawaii. However, the legislature notes
8 that Hawaii is one of fourteen states in the nation where
9 property taxes are not levied by the State but instead levied by
10 the counties. Due to this, the State's share of general
11 revenues from its own sources, which includes revenue from the
12 State and each county, is 74.7 per cent, well above the national
13 average of 55.2 per cent. In addition, the State's share of
14 combined State and local government expenditures is 79.8 per
15 cent, significantly above the national average of 43.7 per cent.
16 Despite the stability of real property taxes as an income



1 source, Hawaii's property tax share of general revenue is
2 12.2 per cent, well below the national average of 21.6 per cent.

3 The legislature further finds that according to a 2017
4 report by the department of business, economic development, and
5 tourism, it was estimated that taxpayers residing in the State
6 contributed 67.8 per cent of real property taxes collected,
7 while those not residing in the State contributed roughly
8 thirty-two per cent. With real property taxes only contributing
9 roughly twelve per cent of the entire state budget and the
10 stability of real property taxes, there is merit in
11 transitioning away from the State's reliance on the revenue
12 gained from income tax and instead move toward receiving revenue
13 from real property taxes, which will provide for a more stable
14 source of income that would not be disrupted during a pandemic.

15 While the legislature believes that the tax burden should
16 be shifted to real property taxes, the legislature also believes
17 that a fair assessment of homeowner exemptions is needed to
18 offset the burden of increasing real property taxes. The first
19 step in this process should be to take away the portion of
20 transient accommodations tax revenues currently allocated to the
21 counties and instead allow each county to impose a surcharge on



1 transient accommodations tax, under certain conditions. This
2 transition of the counties away from relying on transient
3 accommodations taxes would encourage counties to increase
4 property taxes. Not providing transient accommodations taxes to
5 the counties would then allow the State to absorb a gradual
6 reduction in individual income taxes for all tax brackets. In
7 addition, the reduction of income tax revenue would be replaced
8 with the portion of new revenue derived from the increase of
9 real property tax rates that the counties would collect and then
10 remit to the State in exchange for being able to impose a
11 surcharge on the transient accommodations tax. Reducing income
12 taxes and expanding property exemptions would offset the
13 increase in real property taxes and result in a fair and
14 balanced impact to all taxpayers and property owners and also
15 provide financial security and stability to the State's most
16 vulnerable working class and households who are renters.

17 The legislature believes that, over time, the approaches in
18 this Act will have a positive impact on asset limited taxpayers
19 who have housing challenges and income constraints. In
20 addition, this Act provides an economic solution to help lessen
21 the financial burden of the State and its taxpayers, improve the



1 cost of living, increase the housing supply, and provide
2 replacement revenues to counties that adopt certain ordinances.

3 Accordingly, the purpose of this Act is to:

4 (1) Authorize each county to levy a county surcharge on
5 transient accommodations tax if the county satisfies
6 certain real property tax requirements and require
7 each county that adopts a surcharge to remit certain
8 real property tax revenues to the State;

9 (2) Repeal the allocation of transient accommodations tax
10 revenue to the counties and make conforming
11 amendments;

12 (3) Beginning January 1, 2031, require certain taxpayers
13 who reside in a county that adopted an ordinance to
14 establish a surcharge on transient accommodations tax
15 to file an information return;

16 (4) Establish a landlord low-income tenant tax credit,
17 residential circuit breaker tax credit, and real
18 property tax credit for those who reside in a county
19 that adopted an ordinance to establish a surcharge on
20 transient accommodations tax; and



(5) Beginning with taxable years after December 31, 2021, gradually implement new individual income tax and corporation income tax brackets and rates in three-year intervals for taxpayers who reside in a county that adopted an ordinance to establish a surcharge on transient accommodations tax.

PART II

SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:

"§46- County surcharge on transient accommodations tax.

(a) Each county may establish a surcharge on transient accommodations tax at the rate enumerated in section 237D- and shall do so by ordinance; provided that:

(1) No ordinance shall be adopted until the county has conducted a public hearing on the proposed ordinance; and

(2) No county shall establish a surcharge pursuant to this subsection unless it adopts the requirements of subsection (c).



1 Notice of the public hearing required under paragraph (1) shall
2 be published in a newspaper of general circulation within the
3 county at least twice within a period of thirty days immediately
4 preceding the date of the hearing.

5 (b) A county electing to exercise the authority granted
6 under this section shall notify the director of taxation within
7 ten days after the county has adopted a surcharge on transient
8 accommodations tax ordinance and the director of taxation shall
9 levy, assess, collect, and otherwise administer the county
10 surcharge on transient accommodations tax.

11 (c) Before establishing a surcharge on transient
12 accommodations tax, a county shall adopt an ordinance to:

13 (1) Increase the real property tax rates on all real
14 property tax classifications as follows:

15 (A) Beginning January 1, 2022, no less than twenty
16 per cent from the real property tax rate as of
17 December 31, 2021;

18 (B) Beginning January 1, 2025, no less than twenty
19 per cent from the real property tax rate as of
20 January 1, 2022;



1 (C) Beginning January 1, 2028, no less than twenty
2 per cent from the real property tax rate as of
3 January 1, 2025; and

4 (D) Beginning January 1, 2031, no less than twenty
5 per cent from the real property tax rate as of
6 January 1, 2028;

7 provided that this paragraph shall not apply to real
8 property classified as conservation property; provided
9 further that each county shall remit to the director
10 of finance the amounts received pursuant to this
11 paragraph; provided further that of the amounts
12 received pursuant to this paragraph, \$ shall
13 be paid to each county general fund;

14 (2) Increase the property exemptions for taxpayers who use
15 the property as their principal residence no less than
16 \$ from the existing amounts as of July 1,
17 2021; and

18 (3) Decrease the minimum age requirement for the home
19 exemption no less than years from the current
20 minimum age requirement as of July 1, 2021."



SECTION 3. Chapter 237D, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§237D- County surcharge on transient accommodations tax; administration. (a) The county surcharge on transient accommodations tax, upon the adoption of county ordinances and in accordance with section 46- , shall be levied, assessed, and collected as provided in this section on all gross rental or gross rental proceeds taxable under this chapter. No county shall set the surcharge on transient accommodations tax at a rate greater than per cent of all gross rental or gross rental proceeds taxable under this chapter. All provisions of this chapter shall apply to the county surcharge on transient accommodations tax. With respect to the surcharge, the director of taxation shall have the exclusive rights and power to determine the county or counties in which a person is engaged in business, and, in the case of a person engaged in business in more than one county, the director shall determine, through apportionment or other means, that portion of the surcharge on transient accommodations tax attributable to business conducted in each county.



1 (b) Any county surcharge on transient accommodations tax
2 adopted pursuant to section 46- shall be levied no later than
3 the first calendar day of the seventh month after the adoption
4 of the relevant county ordinance.

5 (c) The director of taxation shall revise the transient
6 accommodations tax forms to provide for the clear and separate
7 designation of the imposition and payment of the county
8 surcharge on transient accommodations tax.

9 (d) The taxpayer shall designate the taxation district to
10 which the county surcharge on transient accommodations tax is
11 assigned in accordance with rules adopted by the director of
12 taxation pursuant to chapter 91. The taxpayer shall file a
13 schedule with the taxpayer's periodic and annual transient
14 accommodations tax returns summarizing the amount of taxes
15 assigned to each taxation district.

16 (e) The penalties provided by section 231-39 for failure
17 to file a tax return shall be imposed on the amount of surcharge
18 due on the return being filed for the failure to file the
19 schedule required to accompany the return. In addition, there
20 shall be added to the tax an amount equal to ten per cent of the
21 amount of the surcharge and tax due on the return being filed



1 for the failure to file the schedule or failure to correctly
2 report the assignment of the transient accommodations tax by
3 taxation district on the schedule required under this
4 subsection.

5 (f) All taxpayers who file on a fiscal year basis whose
6 fiscal year ends after December 31 of the year prior to the
7 taxable year in which the taxes become effective, shall file a
8 short period annual return for the period preceding January 1 of
9 the taxable year in which the taxes become effective. Each
10 fiscal year, a taxpayer shall file a short period annual return
11 for the period starting on January 1 of the taxable year in
12 which the taxes become effective and ending before January 1 of
13 the following year."

14 SECTION 4. Chapter 248, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 "§248- County surcharge on transient accommodations
18 tax; disposition of proceeds. (a) If adopted by county
19 ordinance, all county surcharges on transient accommodations tax
20 collected by the director of taxation shall be paid into the
21 state treasury quarterly, within ten working days after



1 collection, and shall be placed by the director of finance in
2 special accounts. Out of the revenues generated by county
3 surcharges on transient accommodations tax paid into each
4 respective state treasury special account, the director of
5 finance shall deduct five per cent of the gross proceeds of a
6 respective county's surcharge on transient accommodations tax to
7 reimburse the State for the costs of assessment, collection, and
8 disposition of the county surcharge on transient accommodations
9 tax incurred by the State. Amounts retained shall be general
10 fund realizations of the State.

11 (b) The amounts deducted for costs of assessment,
12 collection, and disposition of county surcharges on transient
13 accommodations tax shall be withheld from payment to the
14 counties by the State out of the county surcharges on transient
15 accommodations tax collected for the current calendar year.

16 (c) After the deduction and withholding of the costs under
17 subsections (a) and (b), the director of finance shall pay the
18 remaining balance on a quarterly basis to the director of
19 finance of each county that has adopted a county surcharge on
20 transient accommodations tax under section 46- . The
21 quarterly payments shall be made after the county surcharges on



transient accommodations tax have been paid into the state
treasury special accounts or after the disposition of any tax
appeal, as the case may be. All county surcharges on transient
accommodations tax collected shall be distributed by the
director of finance to the county in which the county surcharge
on transient accommodations tax is generated and shall be a
general fund realization of the county.

(d) For the purposes of this section, the costs of
assessment, collection, and disposition of the county surcharges
on transient accommodations tax shall include any and all costs,
direct or indirect, that are deemed necessary and proper to
effectively administer this section and section 237D- ."

PART III

SECTION 5. Section 87A-42, Hawaii Revised Statutes, is
amended to read as follows:

"§87A-42 Other post-employment benefits trust. (a)
Notwithstanding sections 87A-31 and 87A-31.5, the board, upon
terms and conditions set by the board, shall establish and
administer a separate trust fund for the purpose of receiving
employer contributions that will prefund other post-employment
health and other benefit plan costs for retirees and their



1 beneficiaries. The separate trust fund shall meet the
2 requirements of the Governmental Accounting Standards Board
3 regarding other post-employment benefits trusts. The board
4 shall establish and maintain a separate account for each public
5 employer within the separate trust fund to accept and account
6 for each public employer's contributions. Employer
7 contributions to the separate trust fund shall be irrevocable,
8 all assets of the fund shall be dedicated exclusively to
9 providing health and other benefits to retirees and their
10 beneficiaries, and assets of the fund shall not be subject to
11 appropriation for any other purpose and shall not be subject to
12 claims by creditors of the employers or the board or plan
13 administrator. The board's powers under section 87A-24 shall
14 also apply to the fund established pursuant to this section.

15 (b) Public employer contributions shall be paid into the
16 fund in each fiscal year, and commencing with the 2018-2019
17 fiscal year, the amount of the annual public employer
18 contribution shall be equal to the amount of the annual required
19 contribution, as determined by an actuary retained by the board.

20 (c) In any fiscal year subsequent to the 2017-2018 fiscal
21 year in which the state public employer's contributions into the



1 fund are less than the amount of the annual required
2 contribution, the amount that represents the excess of the
3 annual required contribution over the state public employer's
4 contributions shall be deposited into the appropriate account of
5 the separate trust fund from a portion of all general excise tax
6 revenues collected by the department of taxation under
7 section 237-31.

8 If any general excise tax revenues are deposited into the
9 separate trust fund in any fiscal year as a result of this
10 subsection, the director of finance shall notify the legislature
11 and governor whether the general fund expenditure ceiling for
12 that fiscal year would have been exceeded if those revenues had
13 been legislatively appropriated instead of deposited without
14 appropriation into the trust fund. The notification shall be
15 submitted within thirty days following the end of the applicable
16 fiscal year.

17 ~~[(d) In any fiscal year subsequent to the 2017-2018 fiscal~~
18 ~~year in which a county public employer's contributions into the~~
19 ~~fund are less than the amount of the annual required~~
20 ~~contribution, the amount that represents the excess of the~~
21 ~~annual required contribution over the county public employer's~~



~~contributions shall be deposited into the fund from a portion of all transient accommodations tax revenues collected by the department of taxation under section 237D-6.5(b)(4). The director of finance shall deduct the amount necessary to meet the county public employer's annual required contribution from the revenues derived under section 237D-6.5(b)(4) and transfer the amount to the board for deposit into the appropriate account of the separate trust fund.~~

~~(e)]~~ (d) In any fiscal year subsequent to fiscal year 2017-2018 in which a public employer's contributions into the fund are less than the amount of the annual required contribution and the public employer is not entitled to transient accommodations tax revenues sufficient to satisfy the total amount of the annual required contribution, the public employer's contributions shall be deposited into the fund from portions of any other revenues collected on behalf of the public employer or held by the State. The director of finance shall deduct the amount necessary to meet the public employer's annual required contribution from any revenues collected on behalf of the public employer held by the State and transfer the amount to



1 the board for deposit into the appropriate account of the
2 separate trust fund.

3 ~~[(f)]~~ (e) For the purposes of this section, "annual
4 required contribution" means a public employer's required
5 contribution to the trust fund established in this section that
6 is sufficient to cover:

7 (1) The normal cost, which is the cost of other post-
8 employment benefits attributable to the current year
9 of service; and

10 (2) An amortization payment, which is a catch-up payment
11 for past service costs to fund the unfunded actuarial
12 accrued liability over the next thirty years."

13 SECTION 6. Section 171-19, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) There is created in the department a special fund to
16 be designated as the "special land and development fund".

17 Subject to the Hawaiian Homes Commission Act of 1920, as
18 amended, and section 5(f) of the Admission Act of 1959, all
19 proceeds of sale of public lands, including interest on deferred
20 payments; all moneys collected under section 171-58 for mineral
21 and water rights; all rents from leases, licenses, and permits



1 derived from public lands; all moneys collected from lessees of
2 public lands within industrial parks; all fees, fines, and other
3 administrative charges collected under this chapter and
4 chapter 183C; a portion of the highway fuel tax collected under
5 chapter 243; all moneys collected by the department for the
6 commercial use of public trails and trail accesses under the
7 jurisdiction of the department; transient accommodations tax
8 revenues collected pursuant to section [~~237D-6.5(b)(5);~~]
9 237D-6.5(b)(4); and private contributions for the management,
10 maintenance, and development of trails and accesses shall be set
11 apart in the fund and shall be used only as authorized by the
12 legislature for the following purposes:

- 13 (1) To reimburse the general fund of the State for
14 advances made that are required to be reimbursed from
15 the proceeds derived from sales, leases, licenses, or
16 permits of public lands;
- 17 (2) For the planning, development, management, operations,
18 or maintenance of all lands and improvements under the
19 control and management of the board pursuant to
20 title 12, including but not limited to permanent or
21 temporary staff positions who may be appointed without



1 regard to chapter 76; provided that transient
2 accommodations tax revenues allocated to the fund
3 shall be expended as provided in section
4 ~~[237D-6.5(b)(5);]~~ 237D-6.5(b)(4);

5 (3) To repurchase any land, including improvements, in the
6 exercise by the board of any right of repurchase
7 specifically reserved in any patent, deed, lease, or
8 other documents or as provided by law;

9 (4) For the payment of all appraisal fees; provided that
10 all fees reimbursed to the board shall be deposited in
11 the fund;

12 (5) For the payment of publication notices as required
13 under this chapter; provided that all or a portion of
14 the expenditures may be charged to the purchaser or
15 lessee of public lands or any interest therein under
16 rules adopted by the board;

17 (6) For the management, maintenance, and development of
18 trails and trail accesses under the jurisdiction of
19 the department;



1 (7) For the payment to private land developers who have
2 contracted with the board for development of public
3 lands under section 171-60;

4 (8) For the payment of debt service on revenue bonds
5 issued by the department, and the establishment of
6 debt service and other reserves deemed necessary by
7 the board;

8 (9) To reimburse the general fund for debt service on
9 general obligation bonds issued to finance
10 departmental projects, where the bonds are designated
11 to be reimbursed from the special land and development
12 fund;

13 (10) For the protection, planning, management, and
14 regulation of water resources under chapter 174C; and

15 (11) For other purposes of this chapter."

16 SECTION 7. Section 237D-6.5, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:

18 "(b) Except for the revenues collected pursuant to
19 section 237D-2(e), revenues collected under this chapter shall
20 be distributed in the following priority, with the excess
21 revenues to be deposited into the general fund:



(1) \$1,500,000 shall be allocated to the Turtle Bay conservation easement special fund beginning July 1, 2015, for the reimbursement to the state general fund of debt service on reimbursable general obligation bonds, including ongoing expenses related to the issuance of the bonds, the proceeds of which were used to acquire the conservation easement and other real property interests in Turtle Bay, Oahu, for the protection, preservation, and enhancement of natural resources important to the State, until the bonds are fully amortized;

(2) \$16,500,000 shall be allocated to the convention center enterprise special fund established under section 201B-8;

(3) \$79,000,000 shall be allocated to the tourism special fund established under section 201B-11; provided that:

(A) Beginning on July 1, 2012, and ending on June 30, 2015, \$2,000,000 shall be expended from the tourism special fund for development and implementation of initiatives to take advantage of expanded visa programs and increased travel



1 opportunities for international visitors to
2 Hawaii;

3 (B) Of the \$79,000,000 allocated:

4 (i) \$1,000,000 shall be allocated for the
5 operation of a Hawaiian center and the
6 museum of Hawaiian music and dance; and

7 (ii) 0.5 per cent of the \$79,000,000 shall be
8 transferred to a sub-account in the tourism
9 special fund to provide funding for a safety
10 and security budget, in accordance with the
11 Hawaii tourism strategic plan 2005-2015; and

12 (C) Of the revenues remaining in the tourism special
13 fund after revenues have been deposited as
14 provided in this paragraph and except for any sum
15 authorized by the legislature for expenditure
16 from revenues subject to this paragraph,
17 beginning July 1, 2007, funds shall be deposited
18 into the tourism emergency special fund,
19 established in section 201B-10, in a manner
20 sufficient to maintain a fund balance of



1 \$5,000,000 in the tourism emergency special fund;

2 and

3 ~~[(4) \$103,000,000 shall be allocated as follows: Kauai~~
4 ~~county shall receive 14.5 per cent, Hawaii county~~
5 ~~shall receive 18.6 per cent, city and county of~~
6 ~~Honolulu shall receive 44.1 per cent, and Maui county~~
7 ~~shall receive 22.8 per cent; provided that commencing~~
8 ~~with fiscal year 2018-2019, a sum that represents the~~
9 ~~difference between a county public employer's annual~~
10 ~~required contribution for the separate trust fund~~
11 ~~established under section 87A-42 and the amount of the~~
12 ~~county public employer's contributions into that trust~~
13 ~~fund shall be retained by the state director of~~
14 ~~finance and deposited to the credit of the county~~
15 ~~public employer's annual required contribution into~~
16 ~~that trust fund in each fiscal year, as provided in~~
17 ~~section 87A-42, if the respective county fails to~~
18 ~~remit the total amount of the county's required annual~~
19 ~~contributions, as required under section 87A-43; and~~
20 ~~(5)]~~ (4) \$3,000,000 shall be allocated to the special land
21 and development fund established under section 171-19;



1 provided that the allocation shall be expended in
2 accordance with the Hawaii tourism authority strategic
3 plan for:

- 4 (A) The protection, preservation, maintenance, and
5 enhancement of natural resources, including
6 beaches, important to the visitor industry;
7 (B) Planning, construction, and repair of facilities;
8 and
9 (C) Operation and maintenance costs of public lands,
10 including beaches, connected with enhancing the
11 visitor experience.

12 All transient accommodations taxes shall be paid into the
13 state treasury each month within ten days after collection and
14 shall be kept by the state director of finance in special
15 accounts for distribution as provided in this subsection.

16 As used in this subsection, "fiscal year" means the twelve-
17 month period beginning on July 1 of a calendar year and ending
18 on June 30 of the following calendar year."



PART IV

SECTION 8. Chapter 235, Hawaii Revised Statutes, is amended by adding four new sections to be appropriately designated and to read as follows:

"235- Individual information return; file. (a)
Beginning January 1, 2031, each taxpayer in the State who resides in a county that adopted an ordinance to establish a surcharge on transient accommodations tax pursuant to section 46- and who is otherwise not required to file an individual income tax return, shall file an information return reporting the gross income earned from all sources to the director of taxation each taxable year.

(b) The director of taxation:

(1) Shall prepare any forms that may be necessary for a taxpayer to file an information return; and

(2) May adopt rules pursuant to chapter 91 necessary to effectuate the purposes of this section.

§235- Landlord low-income tenant tax credit. (a)
There shall be allowed to each qualified taxpayer subject to the tax imposed under this chapter, a landlord low-income tenant tax credit that shall be deductible from the taxpayer's net income



1 tax liability, if any, imposed by this chapter for the taxable
2 year in which the credit is properly claimed.

3 (b) In the case of a partnership, S corporation, estate,
4 or trust, the tax credit allowable is for qualified expenses
5 incurred by the entity for the taxable year. The expenses upon
6 which the tax credit is computed shall be determined at the
7 entity level. Distribution and share of credit shall be
8 determined pursuant to section 704(b) of the Internal Revenue
9 Code.

10 (c) The landlord low-income tenant tax credit shall be
11 equal to fifty per cent of the difference between the annual
12 lease rent collected and the annual appraised fair market rental
13 value of the unit as determined by a licensed appraiser;
14 provided that the credit shall not be available to units with an
15 appraised property value exceeding \$1,000,000.

16 (d) The director of taxation:

17 (1) Shall prepare any forms that may be necessary to claim
18 a tax credit under this section;

19 (2) May require the taxpayer to furnish reasonable
20 information to ascertain the validity of the claim for
21 the tax credit made under this section; and



1 (3) May adopt rules pursuant to chapter 91 necessary to
2 effectuate the purposes of this section.

3 (e) If the tax credit claimed by a qualified taxpayer
4 exceeds the amount of income tax payment due from the qualified
5 taxpayer, the excess of the credit over payments due shall be
6 refunded to the qualified taxpayer; provided that the tax credit
7 properly claimed by a qualified individual who has no income tax
8 liability shall be paid to the qualified individual.

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

15 (g) For the purposes of this section, "qualified taxpayer"
16 means a landlord who:

17 (1) Resides in a county that adopted an ordinance to
18 establish a surcharge on transient accommodations tax
19 pursuant to section 46- ; and

20 (2) Leases a unit for at least six months during the
21 taxable year to persons earning ninety per cent or



1 less of the area median income as determined by the
2 United States Department of Housing and Urban
3 Development.

4 **§235- Residential circuit breaker tax credit.** (a)

5 There shall be allowed to each qualified taxpayer subject to the
6 tax imposed under this chapter, a residential circuit breaker
7 tax credit that shall be deductible from the taxpayer's net
8 income tax liability, if any, imposed by this chapter for the
9 taxable year in which the credit is properly claimed.

10 (b) The tax credit under this section shall be equal to
11 per cent of the real property tax owed and paid by a
12 qualified taxpayer in a taxable year.

13 (c) The director of taxation:

14 (1) Shall prepare any forms that may be necessary to claim
15 a tax credit under this section;

16 (2) May require the taxpayer to furnish reasonable
17 information to ascertain the validity of the claim for
18 the tax credit made under this section; and

19 (3) May adopt rules pursuant to chapter 91 necessary to
20 effectuate the purposes of this section.



1 (d) If the tax credit claimed by a qualified taxpayer
2 exceeds the amount of income tax payment due from the qualified
3 taxpayer, the excess of the credit over payments due shall be
4 refunded to the qualified taxpayer; provided that the tax credit
5 properly claimed by a qualified individual who has no income tax
6 liability shall be paid to the qualified individual.

7 (e) All claims for the 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 credit may be claimed. Failure to comply with the
11 foregoing provision shall constitute a waiver of the right to
12 claim the credit.

13 (f) For the purposes of this section:

14 "Principal residence" means a residential property in the
15 State in which a taxpayer has occupied for no less than two
16 hundred seventy calendar days of a calendar year.

17 "Qualified taxpayer" means a person subject to the taxes
18 imposed by this chapter who:

19 (1) Resides in a county that adopted an ordinance to
20 establish a surcharge on transient accommodations tax
21 pursuant to section 46- ;



1 (2) Is sixty-five years of age or older;

2 (3) Is not a dependent of another taxpayer;

3 (4) Has a total earned income that is less than \$20,000;

4 and

5 (5) Owns and occupies a residential property that is used
6 as a principal residence and the assessed value of the
7 residential property does not exceed \$1,000,000.

8 **§235- Real property tax credit.** (a) There shall be
9 allowed to each qualified taxpayer subject to the tax imposed
10 under this chapter, a real property tax credit that shall be
11 deductible from the taxpayer's net income tax liability, if any,
12 imposed by this chapter for the taxable year in which the credit
13 is properly claimed.

14 (b) In the case of a partnership, S corporation, estate,
15 or trust, the tax credit allowable is for qualified expenses
16 incurred by the entity for the taxable year. The expenses upon
17 which the tax credit is computed shall be determined at the
18 entity level. Distribution and share of credit shall be
19 determined pursuant to section 704(b) of the Internal Revenue
20 Code.



1 (c) The real property tax credit shall be equal to fifty
2 per cent of the real property tax owed and paid by a qualified
3 taxpayer in a taxable year; provided that the credit shall not
4 be applied to any value of the property exceeding \$1,000,000.

5 (d) The director of taxation:

6 (1) Shall prepare any forms that may be necessary to claim
7 a tax credit under this section;

8 (2) May require the taxpayer to furnish reasonable
9 information to ascertain the validity of the claim for
10 the tax credit made under this section; and

11 (3) May adopt rules pursuant to chapter 91 necessary to
12 effectuate the purposes of this section.

13 (e) If the tax credit claimed by a qualified taxpayer
14 exceeds the amount of income tax payment due from the qualified
15 taxpayer, the excess of the credit over payments due shall be
16 refunded to the qualified taxpayer; provided that the tax credit
17 properly claimed by a qualified individual who has no income tax
18 liability shall be paid to the qualified individual.

19 (f) All claims for the tax credit under this section,
20 including amended claims, shall be filed on or before the end of
21 the twelfth month following the close of the taxable year for



1 which the credit may be claimed. Failure to comply with the
2 foregoing provision shall constitute a waiver of the right to
3 claim the credit.

4 (g) For the purposes of this section:

5 "Principal residence" means a residential property in the
6 State in which a taxpayer has occupied for no less than two
7 hundred seventy calendar days of a calendar year.

8 "Qualified taxpayer" means a person subject to the taxes
9 imposed by this chapter who:

10 (1) Resides in a county that adopted an ordinance to
11 establish a surcharge on transient accommodations tax
12 pursuant to section 46- ; and

13 (2) Pays real property taxes to a county of the State for
14 a residential property that is used as the taxpayer's
15 principal residence during the taxable year."

16 SECTION 9. Section 235-51, Hawaii Revised Statutes, is
17 amended by amending subsections (a) to (c) to read as follows:

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

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



1 (2) Surviving spouse,

2 a tax determined in accordance with the following table:

3 In the case of any taxable year beginning after

4 December 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	\$56.00 plus 3.20% of
8	not over \$8,000	excess over \$4,000
9	Over \$8,000 but	\$184.00 plus 5.50% of
10	not over \$16,000	excess over \$8,000
11	Over \$16,000 but	\$624.00 plus 6.40% of
12	not over \$24,000	excess over \$16,000
13	Over \$24,000 but	\$1,136.00 plus 6.80% of
14	not over \$32,000	excess over \$24,000
15	Over \$32,000 but	\$1,680.00 plus 7.20% of
16	not over \$40,000	excess over \$32,000
17	Over \$40,000 but	\$2,256.00 plus 7.60% of
18	not over \$60,000	excess over \$40,000
19	Over \$60,000 but	\$3,776.00 plus 7.90% of
20	not over \$80,000	excess over \$60,000



1 Over \$80,000 \$5,356.00 plus 8.25% of
2 excess over \$80,000.

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 \$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



1 Over \$96,000 \$6,427.00 plus 8.25% of
2 excess over \$96,000.

3 In the case of any taxable year beginning after
4 December 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



1	Over \$96,000 but	\$6,427.00 plus 8.25% of
2	not over \$300,000	excess over \$96,000
3	Over \$300,000 but	\$23,257.00 plus 9.00% of
4	not over \$350,000	excess over \$300,000
5	Over \$350,000 but	\$27,757.00 plus 10.00% of
6	not over \$400,000	excess over \$350,000
7	Over \$400,000	\$32,757.00 plus 11.00% of
8		excess over \$400,000.

9 In the case of any taxable year beginning after
10 December 31, 2021, for a taxpayer who resides in a county that
11 adopted an ordinance to establish a surcharge on transient
12 accommodations tax pursuant to section 46- :

13	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
14	<u>Not over \$28,800</u>	<u>\$0</u>
15	<u>Over \$28,800 but</u>	<u>4.50% of taxable income</u>
16	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
17	<u>Over \$38,400 but</u>	<u>\$432.00 plus 5.20% of</u>
18	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
19	<u>Over \$48,000 but</u>	<u>\$931.00 plus 6.20% of</u>
20	<u>not over \$72,000</u>	<u>excess over \$48,000</u>



1	<u>Over \$72,000. but</u>	<u>\$2,419.00 plus 6.50% of</u>
2	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
3	<u>Over \$96,000 but</u>	<u>\$3,979.00 plus 6.85% of</u>
4	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
5	<u>Over \$300,000 but</u>	<u>\$17,953.00 plus 7.60% of</u>
6	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
7	<u>Over \$350,000 but</u>	<u>\$21,753.00 plus 8.60% of</u>
8	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
9	<u>Over \$400,000</u>	<u>\$26,053.00 plus 9.60% of</u>
10		<u>excess over \$400,000.</u>

11 In the case of any taxable year beginning after
 12 December 31, 2024, for a taxpayer who resides in a county that
 13 adopted an ordinance to establish a surcharge on transient
 14 accommodations tax pursuant to section 46- :

15	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
16	<u>Not over \$28,800</u>	<u>\$0</u>
17	<u>Over \$28,800 but</u>	<u>3.00% of taxable income</u>
18	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
19	<u>Over \$38,400 but</u>	<u>\$288.00 plus 4.50% of</u>
20	<u>not over \$48,000</u>	<u>excess over \$38,400</u>



1	<u>Over \$48,000 but</u>	<u>\$720.00 plus 5.20% of</u>
2	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
3	<u>Over \$72,000 but</u>	<u>\$1,968.00 plus 6.20% of</u>
4	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
5	<u>Over \$96,000 but</u>	<u>\$3,456.00 plus 6.50% of</u>
6	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
7	<u>Over \$300,000 but</u>	<u>\$16,716.00 plus 6.85% of</u>
8	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
9	<u>Over \$350,000 but</u>	<u>\$20,141.00 plus 7.60% of</u>
10	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
11	<u>Over \$400,000</u>	<u>\$23,941.00 plus 8.60% of</u>
12		<u>excess over \$400,000.</u>

13 In the case of any taxable year beginning after
14 December 31, 2027, for a taxpayer who resides in a county that
15 adopted an ordinance to establish a surcharge on transient
16 accommodations tax pursuant to section 46- :

17	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
18	<u>Not over \$28,800</u>	<u>\$0</u>
19	<u>Over \$28,800 but</u>	<u>1.50% of taxable income</u>
20	<u>not over \$38,400</u>	<u>excess over \$28,800</u>



1	<u>Over \$38,400 but</u>	<u>\$144.00 plus 3.00% of</u>
2	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
3	<u>Over \$48,000 but</u>	<u>\$432.00 plus 4.50% of</u>
4	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
5	<u>Over \$72,000 but</u>	<u>\$1,512.00 plus 5.20% of</u>
6	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
7	<u>Over \$96,000 but</u>	<u>\$2,760.00 plus 6.20% of</u>
8	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
9	<u>Over \$300,000 but</u>	<u>\$15,408.00 plus 6.50% of</u>
10	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
11	<u>Over \$350,000 but</u>	<u>\$18,658.00 plus 6.85% of</u>
12	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
13	<u>Over \$400,000</u>	<u>\$22,083.00 plus 7.60% of</u>
14		<u>excess over \$400,000.</u>

15 In the case of any taxable year beginning after
 16 December 31, 2030, for a taxpayer who resides in a county that
 17 adopted an ordinance to establish a surcharge on transient
 18 accommodations tax pursuant to section 46- :

19	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
20	<u>Not over \$38,400</u>	<u>\$0</u>



1	<u>Over \$38,400 but</u>	<u>1.50% of taxable income</u>
2	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
3	<u>Over \$48,000 but</u>	<u>\$144.00 plus 3.00% of</u>
4	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
5	<u>Over \$72,000 but</u>	<u>\$864.00 plus 4.50% of</u>
6	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
7	<u>Over \$96,000 but</u>	<u>\$1,944.00 plus 5.20% of</u>
8	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
9	<u>Over \$300,000 but</u>	<u>\$12,552.00 plus 6.20% of</u>
10	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
11	<u>Over \$350,000 but</u>	<u>\$15,652.00 plus 6.50% of</u>
12	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
13	<u>Over \$400,000</u>	<u>\$18,902.00 plus 6.85% of</u>
14		<u>excess over \$400,000.</u>

15 In the case of any taxable year beginning after
 16 December 31, 2033, for a taxpayer who resides in a county that
 17 adopted an ordinance to establish a surcharge on transient
 18 accommodations tax pursuant to section 46- :

19	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
20	<u>Not over \$48,000</u>	<u>\$0</u>



1	<u>Over \$48,000 but</u>	<u>1.50% of taxable income</u>
2	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
3	<u>Over \$72,000 but</u>	<u>\$360.00 plus 3.00% of</u>
4	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
5	<u>Over \$96,000 but</u>	<u>\$1,080.00 plus 4.50% of</u>
6	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
7	<u>Over \$300,000 but</u>	<u>\$10,260.00 plus 5.20% of</u>
8	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
9	<u>Over \$350,000 but</u>	<u>\$12,860.00 plus 6.20% of</u>
10	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
11	<u>Over \$400,000</u>	<u>\$15,960.00 plus 6.50% of</u>
12		<u>excess over \$400,000.</u>

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

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

18	If the taxable income is:	The tax shall be:
19	Not over \$3,000	1.40% of taxable income
20	Over \$3,000 but	\$42.00 plus 3.20% of
21	not over \$6,000	excess over \$3,000



1	Over \$6,000 but	\$138.00 plus 5.50% of
2	not over \$12,000	excess over \$6,000
3	Over \$12,000 but	\$468.00 plus 6.40% of
4	not over \$18,000	excess over \$12,000
5	Over \$18,000 but	\$852.00 plus 6.80% of
6	not over \$24,000	excess over \$18,000
7	Over \$24,000 but	\$1,260.00 plus 7.20% of
8	not over \$30,000	excess over \$24,000
9	Over \$30,000 but	\$1,692.00 plus 7.60% of
10	not over \$45,000	excess over \$30,000
11	Over \$45,000 but	\$2,832.00 plus 7.90% of
12	not over \$60,000	excess over \$45,000
13	Over \$60,000	\$4,017.00 plus 8.25% of
14		excess over \$60,000.

15 In the case of any taxable year beginning after

16 December 31, 2006:

17	If the taxable income is:	The tax shall be:
18	Not over \$3,600	1.40% of taxable income
19	Over \$3,600 but	\$50.00 plus 3.20% of
20	not over \$7,200	excess over \$3,600



1	Over \$7,200 but	\$166.00 plus 5.50% of
2	not over \$14,400	excess over \$7,200
3	Over \$14,400 but	\$562.00 plus 6.40% of
4	not over \$21,600	excess over \$14,400
5	Over \$21,600 but	\$1,022.00 plus 6.80% of
6	not over \$28,800	excess over \$21,600
7	Over \$28,800 but	\$1,512.00 plus 7.20% of
8	not over \$36,000	excess over \$28,800
9	Over \$36,000 but	\$2,030.00 plus 7.60% of
10	not over \$54,000	excess over \$36,000
11	Over \$54,000 but	\$3,398.00 plus 7.90% of
12	not over \$72,000	excess over \$54,000
13	Over \$72,000	\$4,820.00 plus 8.25% of
14		excess over \$72,000.

15 In the case of any taxable year beginning after

16 December 31, 2017:

17	If the taxable income is:	The tax shall be:
18	Not over \$3,600	1.40% of taxable income
19	Over \$3,600 but	\$50.00 plus 3.20% of
20	not over \$7,200	excess over \$3,600



1	Over \$7,200 but	\$166.00 plus 5.50% of
2	not over \$14,400	excess over \$7,200
3	Over \$14,400 but	\$562.00 plus 6.40% of
4	not over \$21,600	excess over \$14,400
5	Over \$21,600 but	\$1,022.00 plus 6.80% of
6	not over \$28,800	excess over \$21,600
7	Over \$28,800 but	\$1,512.00 plus 7.20% of
8	not over \$36,000	excess over \$28,800
9	Over \$36,000 but	\$2,030.00 plus 7.60% of
10	not over \$54,000	excess over \$36,000
11	Over \$54,000 but	\$3,398.00 plus 7.90% of
12	not over \$72,000	excess over \$54,000
13	Over \$72,000 but	\$4,820.00 plus 8.25% of
14	not over \$225,000	excess over \$72,000
15	Over \$225,000 but	\$17,443.00 plus 9.00% of
16	not over \$262,500	excess over \$225,000
17	Over \$262,500 but	\$20,818.00 plus 10.00% of
18	not over \$300,000	excess over \$262,500
19	Over \$300,000	\$24,568.00 plus 11.00% of
20		excess over \$300,000.



In the case of any taxable year beginning after
December 31, 2021, for a taxpayer who resides in a county that
adopted an ordinance to establish a surcharge on transient
accommodations tax pursuant to section 46- :

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$21,600</u>	<u>0\$</u>
<u>Over \$21,600 but</u>	<u>4.50% of taxable income</u>
<u>not over \$28,800</u>	<u>excess over \$21,600</u>
<u>Over \$28,800 but</u>	<u>\$324.00 plus 5.20% of</u>
<u>not over \$36,000</u>	<u>excess over \$28,800</u>
<u>Over \$36,000 but</u>	<u>\$698.00 plus 6.20% of</u>
<u>not over \$54,000</u>	<u>excess over \$36,000</u>
<u>Over \$54,000 but</u>	<u>\$1,814.00 plus 6.50% of</u>
<u>not over \$72,000</u>	<u>excess over \$54,000</u>
<u>Over \$72,000 but</u>	<u>\$2,984.00 plus 6.85% of</u>
<u>not over \$225,000</u>	<u>excess over \$72,000</u>
<u>Over \$225,000 but</u>	<u>\$13,465.00 plus 7.60% of</u>
<u>not over \$262,500</u>	<u>excess over \$225,000</u>
<u>Over \$262,500 but</u>	<u>\$16,315.00 plus 8.60% of</u>
<u>not over \$300,000</u>	<u>excess over \$262,500</u>



Over \$300,000 \$19,540.00 plus 9.60% of
excess over \$300,000.

In the case of any taxable year beginning after
December 31, 2024, for a taxpayer who resides in a county that
adopted an ordinance to establish a surcharge on transient
accommodations tax pursuant to section 46- :

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$21,600</u>	<u>0\$</u>
<u>Over \$21,600 but</u>	<u>3.00% of taxable income</u>
<u>not over \$28,800</u>	<u>excess over \$21,600</u>
<u>Over \$28,800 but</u>	<u>\$216.00 plus 4.50% of</u>
<u>not over \$36,000</u>	<u>excess over \$28,800</u>
<u>Over \$36,000 but</u>	<u>\$540.00 plus 5.20% of</u>
<u>not over \$54,000</u>	<u>excess over \$36,000</u>
<u>Over \$54,000 but</u>	<u>\$1,476.00 plus 6.20% of</u>
<u>not over \$72,000</u>	<u>excess over \$54,000</u>
<u>Over \$72,000 but</u>	<u>\$2,592.00 plus 6.50% of</u>
<u>not over \$225,000</u>	<u>excess over \$72,000</u>
<u>Over \$225,000 but</u>	<u>\$12,537.00 plus 6.85% of</u>
<u>not over \$262,500</u>	<u>excess over \$225,000</u>



1	<u>Over \$262,500 but</u>	<u>\$15,106.00 plus 7.60% of</u>
2	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
3	<u>Over \$300,000</u>	<u>\$17,956.00 plus 8.60% of</u>
4		<u>excess over \$300,000.</u>

5 In the case of any taxable year beginning after
6 December 31, 2027, for a taxpayer who resides in a county that
7 adopted an ordinance to establish a surcharge on transient
8 accommodations tax pursuant to section 46- :

9	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
10	<u>Not over \$21,600</u>	<u>0\$</u>
11	<u>Over \$21,600 but</u>	<u>1.50% of taxable income</u>
12	<u>not over \$28,800</u>	<u>excess over \$21,600</u>
13	<u>Over \$28,800 but</u>	<u>\$108.00 plus 3.00% of</u>
14	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
15	<u>Over \$36,000 but</u>	<u>\$324.00 plus 4.50% of</u>
16	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
17	<u>Over \$54,000 but</u>	<u>\$1,134.00 plus 5.20% of</u>
18	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
19	<u>Over \$72,000 but</u>	<u>\$2,070.00 plus 6.20% of</u>
20	<u>not over \$225,000</u>	<u>excess over \$72,000</u>



1	<u>Over \$225,000 but</u>	<u>\$11,556.00 plus 6.50% of</u>
2	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
3	<u>Over \$262,500 but</u>	<u>\$13,994.00 plus 6.85% of</u>
4	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
5	<u>Over \$300,000</u>	<u>\$16,563.00 plus 7.60% of</u>
6		<u>excess over \$300,000.</u>

7 In the case of any taxable year beginning after
8 December 31, 2030, for a taxpayer who resides in a county that
9 adopted an ordinance to establish a surcharge on transient
10 accommodations tax pursuant to section 46- :

11	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
12	<u>Not over \$28,800</u>	<u>0\$</u>
13	<u>Over \$28,800 but</u>	<u>1.50% of taxable income</u>
14	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
15	<u>Over \$36,000 but</u>	<u>\$108.00 plus 3.00% of</u>
16	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
17	<u>Over \$54,000 but</u>	<u>\$648.00 plus 4.50% of</u>
18	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
19	<u>Over \$72,000 but</u>	<u>\$1,458.00 plus 5.20% of</u>
20	<u>not over \$225,000</u>	<u>excess over \$72,000</u>



1	<u>Over \$225,000 but</u>	<u>\$9,414.00 plus 6.20% of</u>
2	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
3	<u>Over \$262,500 but</u>	<u>\$11,739.00 plus 6.50% of</u>
4	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
5	<u>Over \$300,000</u>	<u>\$14,177.00 plus 6.85% of</u>
6		<u>excess over \$300,000.</u>
7	<u>In the case of any taxable year beginning after</u>	
8	<u>December 31, 2033, for a taxpayer who resides in a county that</u>	
9	<u>adopted an ordinance to establish a surcharge on transient</u>	
10	<u>accommodations tax pursuant to section 46- :</u>	
11	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
12	<u>Not over \$36,000</u>	<u>0\$</u>
13	<u>Over \$36,000 but</u>	<u>1.50% of taxable income</u>
14	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
15	<u>Over \$54,000 but</u>	<u>\$270.00 plus 3.00% of</u>
16	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
17	<u>Over \$72,000 but</u>	<u>\$810.00 plus 4.50% of</u>
18	<u>not over \$225,000</u>	<u>excess over \$72,000</u>
19	<u>Over \$225,000 but</u>	<u>\$7,695.00 plus 5.20% of</u>
20	<u>not over \$262,500</u>	<u>excess over \$225,000</u>



1	<u>Over \$262,500 but</u>	<u>\$9,645.00 plus 6.20% of</u>
2	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
3	<u>Over \$300,000</u>	<u>\$11,970.00 plus 6.50% of</u>
4		<u>excess over \$300,000.</u>

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

11 In the case of any taxable year beginning after
12 December 31, 2001:

13	If the taxable income is:	The tax shall be:
14	Not over \$2,000	1.40% of taxable income
15	Over \$2,000 but	\$28.00 plus 3.20% of
16	not over \$4,000	excess over \$2,000
17	Over \$4,000 but	\$92.00 plus 5.50% of
18	not over \$8,000	excess over \$4,000
19	Over \$8,000 but	\$312.00 plus 6.40% of
20	not over \$12,000	excess over \$8,000



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

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

13	If the taxable income is:	The tax shall be:
14	Not over \$2,400	1.40% of taxable income
15	Over \$2,400 but	\$34.00 plus 3.20% of
16	not over \$4,800	excess over \$2,400
17	Over \$4,800 but	\$110.00 plus 5.50% of
18	not over \$9,600	excess over \$4,800
19	Over \$9,600 but	\$374.00 plus 6.40% of
20	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
12 December 31, 2017:

13	If the taxable income is:	The tax shall be:
14	Not over \$2,400	1.40% of taxable income
15	Over \$2,400 but	\$34.00 plus 3.20% of
16	not over \$4,800	excess over \$2,400
17	Over \$4,800 but	\$110.00 plus 5.50% of
18	not over \$9,600	excess over \$4,800
19	Over \$9,600 but	\$374.00 plus 6.40% of
20	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 but \$3,214.00 plus 8.25% of
10 not over \$150,000 excess over \$48,000
11 Over \$150,000 but \$11,629.00 plus 9.00% of
12 not over \$175,000 excess over \$150,000
13 Over \$175,000 but \$13,879.00 plus 10.00% of
14 not over \$200,000 excess over \$175,000
15 Over \$200,000 \$16,379.00 plus 11.00% of
16 excess over \$200,000.

17 In the case of any taxable year beginning after
18 December 31, 2021, for a taxpayer who resides in a county that
19 adopted an ordinance to establish a surcharge on transient
20 accommodations tax pursuant to section 46- :



1	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
2	<u>Not over \$14,400</u>	<u>\$0</u>
3	<u>Over \$14,400 but</u>	<u>4.50% of taxable income</u>
4	<u>not over \$19,200</u>	<u>excess over \$14,400</u>
5	<u>Over \$19,200 but</u>	<u>\$216.00 plus 5.20% of</u>
6	<u>not over \$24,000</u>	<u>excess over \$19,200</u>
7	<u>Over \$24,000 but</u>	<u>\$466.00 plus 6.20% of</u>
8	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
9	<u>Over \$36,000 but</u>	<u>\$1,210.00 plus 6.50% of</u>
10	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
11	<u>Over \$48,000 but</u>	<u>\$1,990.00 plus 6.85% of</u>
12	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
13	<u>Over \$150,000 but</u>	<u>\$8,977.00 plus 7.60% of</u>
14	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
15	<u>Over \$175,000 but</u>	<u>\$10,877.00 plus 8.60% of</u>
16	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
17	<u>Over \$200,000</u>	<u>\$13,027.00 plus 9.60% of</u>
18		<u>excess over \$200,000.</u>
19	<u>In the case of any taxable year beginning after</u>	
20	<u>December 31, 2024, for a taxpayer who resides in a county that</u>	



1 adopted an ordinance to establish a surcharge on transient
2 accommodations tax pursuant to section 46- :

3	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
4	<u>Not over \$14,400</u>	<u>\$0</u>
5	<u>Over \$14,400 but</u>	<u>3.00% of taxable income</u>
6	<u>not over \$19,200</u>	<u>excess over \$14,400</u>
7	<u>Over \$19,200 but</u>	<u>\$144.00 plus 4.50% of</u>
8	<u>not over \$24,000</u>	<u>excess over \$19,200</u>
9	<u>Over \$24,000 but</u>	<u>\$360.00 plus 5.20% of</u>
10	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
11	<u>Over \$36,000 but</u>	<u>\$984.00 plus 6.20% of</u>
12	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
13	<u>Over \$48,000 but</u>	<u>\$1,728.00 plus 6.50% of</u>
14	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
15	<u>Over \$150,000 but</u>	<u>\$8,358.00 plus 6.85% of</u>
16	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
17	<u>Over \$175,000 but</u>	<u>\$10,071.00 plus 7.60% of</u>
18	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
19	<u>Over \$200,000</u>	<u>\$11,971.00 plus 8.60% of</u>
20		<u>excess over \$200,000.</u>



In the case of any taxable year beginning after
December 31, 2027, for a taxpayer who resides in a county that
adopted an ordinance to establish a surcharge on transient
accommodations tax pursuant to section 46- :

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$14,400</u>	<u>\$0</u>
<u>Over \$14,400 but</u>	<u>1.50% of taxable income</u>
<u>not over \$19,200</u>	<u>excess over \$14,400</u>
<u>Over \$19,200 but</u>	<u>\$72.00 plus 3.00% of</u>
<u>not over \$24,000</u>	<u>excess over \$19,200</u>
<u>Over \$24,000 but</u>	<u>\$216.00 plus 4.50% of</u>
<u>not over \$36,000</u>	<u>excess over \$24,000</u>
<u>Over \$36,000 but</u>	<u>\$756.00 plus 5.20% of</u>
<u>not over \$48,000</u>	<u>excess over \$36,000</u>
<u>Over \$48,000 but</u>	<u>\$1,380.00 plus 6.20% of</u>
<u>not over \$150,000</u>	<u>excess over \$48,000</u>
<u>Over \$150,000 but</u>	<u>\$7,704.00 plus 6.50% of</u>
<u>not over \$175,000</u>	<u>excess over \$150,000</u>
<u>Over \$175,000 but</u>	<u>\$9,329.00 plus 6.85% of</u>
<u>not over \$200,000</u>	<u>excess over \$175,000</u>



Over \$200,000 \$11,042.00 plus 7.60% of
excess over \$200,000.

In the case of any taxable year beginning after
December 31, 2030, for a taxpayer who resides in a county that
adopted an ordinance to establish a surcharge on transient
accommodations tax pursuant to section 46- :

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$19,200</u>	<u>\$0</u>
<u>Over \$19,200 but</u>	<u>1.50% of taxable income</u>
<u>not over \$24,000</u>	<u>excess over \$19,200</u>
<u>Over \$24,000 but</u>	<u>\$72.00 plus 3.00% of</u>
<u>not over \$36,000</u>	<u>excess over \$24,000</u>
<u>Over \$36,000 but</u>	<u>\$432.00 plus 4.50% of</u>
<u>not over \$48,000</u>	<u>excess over \$36,000</u>
<u>Over \$48,000 but</u>	<u>\$972.00 plus 5.20% of</u>
<u>not over \$150,000</u>	<u>excess over \$48,000</u>
<u>Over \$150,000 but</u>	<u>\$6,276.00 plus 6.20% of</u>
<u>not over \$175,000</u>	<u>excess over \$150,000</u>
<u>Over \$175,000 but</u>	<u>\$7,826.00 plus 6.50% of</u>
<u>not over \$200,000</u>	<u>excess over \$175,000</u>



Over \$200,000 \$9,451.00 plus 6.85% of
excess over \$200,000.

In the case of any taxable year beginning after
December 31, 2033, for a taxpayer who resides in a county that
adopted an ordinance to establish a surcharge on transient
accommodations tax pursuant to section 46- :

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$24,000</u>	<u>\$0</u>
<u>Over \$24,000 but</u>	<u>1.50% of taxable income</u>
<u>not over \$36,000</u>	<u>excess over \$24,000</u>
<u>Over \$36,000 but</u>	<u>\$180.00 plus 3.00% of</u>
<u>not over \$48,000</u>	<u>excess over \$36,000</u>
<u>Over \$48,000 but</u>	<u>\$540.00 plus 4.50% of</u>
<u>not over \$150,000</u>	<u>excess over \$48,000</u>
<u>Over \$150,000 but</u>	<u>\$5,130.00 plus 5.20% of</u>
<u>not over \$175,000</u>	<u>excess over \$150,000</u>
<u>Over \$175,000 but</u>	<u>\$6,430.00 plus 6.20% of</u>
<u>not over \$200,000</u>	<u>excess over \$175,000</u>
<u>Over \$200,000</u>	<u>\$7,980.00 plus 6.50% of</u>
	<u>excess over \$200,000."</u>



SECTION 10. Section 235-71, Hawaii Revised Statutes, is amended by amending subsections (a) and (b) to read as follows:

"(a) A tax at the rates herein provided shall be assessed, levied, collected, and paid for each taxable year on the taxable income of every corporation, including a corporation carrying on business in partnership, except that in the case of a regulated investment company the tax is as provided by subsection (b) and further that in the case of a real estate investment trust as defined in section 856 of the Internal Revenue Code of 1954 the tax is as provided in subsection (d). "Corporation" includes any professional corporation incorporated pursuant to chapter 415A.

The tax on all taxable income shall be at the rate of 4.4 per cent if the taxable income is not over \$25,000, 5.4 per cent if over \$25,000 but not over \$100,000, and on all over \$100,000, 6.4 per cent.

In the case of any taxable year beginning after December 31, 2021, for a corporation that is located in a county that adopted an ordinance to establish a surcharge on transient accommodations tax pursuant to section 46- :



1	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
2	<u>Not over \$25,000</u>	<u>3.30% of taxable income</u>
3	<u>Over \$25,000 but</u>	<u>4.10% of taxable income</u>
4	<u>not over \$100,000</u>	
5	<u>Over \$100,000</u>	<u>4.80% of taxable income.</u>

6 In the case of any taxable year beginning after
7 December 31, 2024, for a corporation that is located in a county
8 that adopted an ordinance to establish a surcharge on transient
9 accommodations tax pursuant to section 46- :

10	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
11	<u>Not over \$25,000</u>	<u>2.50% of taxable income</u>
12	<u>Over \$25,000 but</u>	<u>3.10% of taxable income</u>
13	<u>not over \$100,000</u>	
14	<u>Over \$100,000</u>	<u>3.60% of taxable income.</u>

15 In the case of any taxable year beginning after
16 December 31, 2027, for a corporation that is located in a county
17 that adopted an ordinance to establish a surcharge on transient
18 accommodations tax pursuant to section 46- :

19	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
20	<u>Not over \$25,000</u>	<u>1.90% of taxable income</u>



1 Over \$25,000 but 2.30% of taxable income

2 not over \$100,000

3 Over \$100,000 2.70% of taxable income.

4 (b) In the case of a regulated investment company there is
5 imposed on the taxable income, computed as provided in
6 sections 852 and 855 of the Internal Revenue Code but with the
7 changes and adjustments made by this chapter (without prejudice
8 to the generality of the foregoing, the deduction for dividends
9 paid is limited to such amount of dividends as is attributable
10 to income taxable under this chapter), a tax consisting in the
11 sum of the following: 4.4 per cent if the taxable income is not
12 over \$25,000, 5.4 per cent if over \$25,000 but not over
13 \$100,000, and on all over \$100,000, 6.4 per cent.

14 In the case of any taxable year beginning after
15 December 31, 2021, for a regulated investment company that is
16 located in a county that adopted an ordinance to establish a
17 surcharge on transient accommodations tax pursuant to
18 section 46- :

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

20 Not over \$25,000 3.30% of taxable income



1 Over \$25,000 but 4.10% of taxable income
2 not over \$100,000
3 Over \$100,000 4.80% of taxable income.

4 In the case of any taxable year beginning after
5 December 31, 2024, for a regulated investment company that is
6 located in a county that adopted an ordinance to establish a
7 surcharge on transient accommodations tax pursuant to
8 section 46- :

9 If the taxable income is: The tax shall be:
10 Not over \$25,000 2.50% of taxable income
11 Over \$25,000 but 3.10% of taxable income
12 not over \$100,000
13 Over \$100,000 3.60% of taxable income.

14 In the case of any taxable year beginning after
15 December 31, 2027, for a regulated investment company that is
16 located in a county that adopted an ordinance to establish a
17 surcharge on transient accommodations tax pursuant to
18 section 46- :

19 If the taxable income is: The tax shall be:
20 Not over \$25,000 1.90% of taxable income



1 Over \$25,000 but 2.30% of taxable income
2 not over \$100,000
3 Over \$100,000 2.70% of taxable
4 income."

5 PART V

6 SECTION 11. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 12. This Act shall take effect on July 1, 2050,
9 and shall apply to taxable years beginning after December 31,
10 2021.



Report Title:

County Surcharge; Real Property Tax; Transient Accommodations Tax; Individual Income Tax; Corporation Income Tax; Income Tax Rates

Description:

Authorizes each county to levy a county surcharge on transient accommodations tax if the county satisfies certain real property tax requirements and requires those counties to remit certain real property tax revenues to the State to offset the reduction in income tax. Repeals the allocation of transient accommodations tax revenue to the counties and makes conforming amendments. Beginning 1/1/2031, requires certain taxpayers to file an information return to the director of taxation. Establishes a landlord low-income tenant tax credit, residential circuit breaker tax credit, and real property tax credit for certain taxpayers. For counties that adopt certain ordinances, beginning with taxable years after 12/31/2021, gradually implements new individual income tax and corporation income tax brackets and lower tax rates in three-year intervals. Effective 7/1/2050. (HD2)

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

