

JAN 27 2021

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 235-55.85, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By amending subsection (b) to read:

4 "(b) Each individual taxpayer with Hawaii earned income of
5 at least \$1 but less than \$30,000 and a federal adjusted gross
6 income of less than \$30,000 may claim a refundable food/excise
7 tax credit of \$150 multiplied by the number of qualified
8 exemptions to which the taxpayer is entitled [~~in accordance with~~
9 ~~the table below~~]; provided that taxpayers with a filing status
10 of head of household, married filing separate, and married
11 filing jointly, may claim the credit if the taxpayer has Hawaii
12 earned income of at least \$1 but less than \$50,000 and federal
13 adjusted gross income of less than \$50,000; provided further
14 that a husband and wife filing separate tax returns for a
15 taxable year for which a joint return could have been filed by
16 them shall claim only the tax credit to which they would have
17 been entitled had a joint return been filed.



1	[Adjusted gross income	Credit per exemption
2	for taxpayers filing	
3	a single return	
4	Under \$5,000	\$110
5	\$5,000 under \$10,000	\$100
6	\$10,000 under \$15,000	\$ 85
7	\$15,000 under \$20,000	\$ 70
8	\$20,000 under \$30,000	\$ 55
9	\$30,000 and over	\$ 0.
10	Adjusted gross income	Credit per exemption
11	for heads of household,	
12	married individuals filing	
13	separate returns, and	
14	married couples filing	
15	joint returns	
16	Under \$5,000	\$110
17	\$5,000 under \$10,000	\$100
18	\$10,000 under \$15,000	\$ 85
19	\$15,000 under \$20,000	\$ 70
20	\$20,000 under \$30,000	\$ 55
21	\$30,000 under \$40,000	\$ 45



1 ~~\$40,000 under \$50,000~~ ~~\$ 35~~

2 ~~\$50,000 and over~~ ~~—\$—0.] "~~

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

4 "(g) For the purposes of this section[, ~~"adjusted gross~~
5 ~~income"~~ ~~means adjusted gross income as defined by the Internal~~
6 ~~Revenue Code.~~]:

7 (1) "Hawaii earned income" means:

8 (A) Wages, salaries, tips, and other employee
9 compensation that is subject to the taxes imposed
10 by this chapter, but only if these amounts are
11 includible in gross income for the taxable year;
12 and

13 (B) The amount of the taxpayer's net earnings from
14 self-employment that is subject to the taxes
15 imposed by this chapter for the taxable year
16 (within the meaning of section 1402(a) of the
17 Internal Revenue Code); provided that the net
18 earnings shall be determined with regard to the
19 deduction allowed to the taxpayer by section
20 164(f) of the Internal Revenue Code; and

21 (2) For purposes of paragraph (1):



- 1 (A) The Hawaii earned income of an individual shall
2 be computed without regard to any community
3 property laws;
- 4 (B) No amount received as a pension or annuity shall
5 be taken into account;
- 6 (C) No amount to which section 871(a) of the Internal
7 Revenue Code applies (relating to income of
8 nonresident alien individuals not connected with
9 United States business) shall be taken into
10 account;
- 11 (D) No amount received for services provided by an
12 individual while the individual is an inmate at a
13 penal institution shall be taken into account;
- 14 (E) No amount described in paragraph (1) received for
15 service performed in work activities as defined
16 in paragraph (4) or (7) of section 407(d) of the
17 Social Security Act to which the taxpayer is
18 assigned under any state program under part A of
19 title IV of the Social Security Act shall be
20 taken into account, but only to the extent the
21 amount is subsidized under the state program; and



1 (F) A taxpayer may elect to treat amounts excluded
2 from gross income by reason of section 112 of the
3 Internal Revenue Code as Hawaii earned income."

4 SECTION 2. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 3. This Act, upon its approval; provided that
7 section 1 shall apply to taxable years beginning after
8 December 31, 2020.

9
INTRODUCED BY: 



S.B. NO. 1264

Report Title:

Income Tax; Refundable Food/Excise Tax Credit

Description:

Increases and amends the refundable food/excise tax credit by basing the amount of the credit on a taxpayer's Hawaii earned income and federal adjusted gross income.

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

