
A BILL FOR AN ACT

RELATING TO TAXES.

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 at the minimum wage of \$10.10 an hour,
4 which is about \$20,200 a year, must pay \$1,008 plus 7.2 percent
5 of excess over \$19,200. According to the United States
6 Department of Housing and Urban Development, annual income of up
7 to \$63,350 qualifies as low income for a single person in
8 Honolulu. An individual at this income level is required to pay
9 \$3,214 plus 8.25 percent of anything over \$48,000. It is clear
10 that Hawaii's individual income tax structure disproportionately
11 burdens low- and moderate-income households.

12 Furthermore, filers at low- to medium-income levels
13 contribute relatively little to overall individual income tax
14 revenues. In 2016, 72.61 percent of income tax revenue was
15 generated by filers making more than \$75,000 a year.



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

8 Revenue loss can be offset by increasing a several taxes by
9 a small amount. A tiny 0.15 percent on the general excise tax
10 will have a negligible impact on resident's daily purchasing and
11 will export more of the overall tax burden to visitors and non-
12 residents. Increasing the transient accommodations tax by 0.50
13 percent will likewise transfer the tax burden away from working
14 residents onto tourists. Finally, the liquor and cigarette
15 taxes have not been increased in over ten years, even as
16 Hawaii's economy has grown and visitor industry boomed.
17 Increasing the liquor and cigarette taxes by modest amounts will
18 result in additional revenue from the state without unduly
19 burdening citizens.

20 The purpose of this Act is to repeal the individual income
21 tax for single and heads-of-household filers making less than



1 \$20,000 a year or \$40,000 a year for joint filers, scale low-
 2 and middle-income tax rates more slowly, and raise other taxes
 3 slightly to make the income tax reduction revenue-neutral.

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

7 (a) There is hereby imposed on the taxable income of
 8 every:

9 (1) Taxpayer who files a joint return under section 235-
 10 93; and

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

13 In the case of any taxable year beginning after December
 14 31, 2001:

15	If the taxable income is:	The tax shall be:
16	Not over \$4,000	1.40% of taxable income
17	Over \$4,000 but	\$56.00 plus 3.20% of
18	not over \$8,000	excess over \$4,000
19	Over \$8,000 but	\$184.00 plus 5.50% of
20	not over \$16,000	excess over \$8,000
21	Over \$16,000 but	\$624.00 plus 6.40% of



1	not over \$24,000	excess over \$16,000
2	Over \$24,000 but	\$1,136.00 plus 6.80% of
3	not over \$32,000	excess over \$24,000
4	Over \$32,000 but	\$1,680.00 plus 7.20% of
5	not over \$40,000	excess over \$32,000
6	Over \$40,000 but	\$2,256.00 plus 7.60% of
7	not over \$60,000	excess over \$40,000
8	Over \$60,000 but	\$3,776.00 plus 7.90% of
9	not over \$80,000	excess over \$60,000
10	Over \$80,000	\$5,356.00 plus 8.25% of
11		excess over \$80,000.

12

13 In the case of any taxable year beginning after December
 14 31, 2006:

15	If the taxable income is:	The tax shall be:
16	Not over \$4,800	1.40% of taxable income
17	Over \$4,800 but	\$67.00 plus 3.20% of
18	not over \$9,600	excess over \$4,800
19	Over \$9,600 but	\$221.00 plus 5.50% of
20	not over \$19,200	excess over \$9,600
21	Over \$19,200 but	\$749.00 plus 6.40% of



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1	not over \$28,800	excess over \$19,200
2	Over \$28,800 but	\$1,363.00 plus 6.80% of
3	not over \$38,400	excess over \$28,800
4	Over \$38,400 but	\$2,016.00 plus 7.20% of
5	not over \$48,000	excess over \$38,400
6	Over \$48,000 but	\$2,707.00 plus 7.60% of
7	not over \$72,000	excess over \$48,000
8	Over \$72,000 but	\$4,531.00 plus 7.90% of
9	not over \$96,000	excess over \$72,000
10	Over \$96,000	\$6,427.00 plus 8.25% of
11		excess over \$96,000.

12
 13 In the case of any taxable year beginning after December
 14 31, 2017:

15	If the taxable income is:	The tax shall be:
16	Not over \$4,800	1.40% of taxable income
17	Over \$4,800 but	\$67.00 plus 3.20% of
18	not over \$9,600	excess over \$4,800
19	Over \$9,600 but	\$221.00 plus 5.50% of
20	not over \$19,200	excess over \$9,600
21	Over \$19,200 but	\$749.00 plus 6.40% of



1	not over \$28,800	excess over \$19,200
2	Over \$28,800 but	\$1,363.00 plus 6.80% of
3	not over \$38,400	excess over \$28,800
4	Over \$38,400 but	\$2,016.00 plus 7.20% of
5	not over \$48,000	excess over \$38,400
6	Over \$48,000 but	\$2,707.00 plus 7.60% of
7	not over \$72,000	excess over \$48,000
8	Over \$72,000 but	\$4,531.00 plus 7.90% of
9	not over \$96,000	excess over \$72,000
10	Over \$96,000 but	\$6,427.00 plus 8.25% of
11	not over \$300,000	excess over \$96,000
12	Over \$300,000 but	\$23,257.00 plus 9.00% of
13	not over \$350,000	excess over \$300,000
14	Over \$350,000 but	\$27,757.00 plus 10.00% of
15	not over \$400,000	excess over \$350,000
16	Over \$400,000	\$32,757.00 plus 11.00% of
17		excess over \$400,000.

18 In the case of any taxable year beginning after December

19 31, 2021:

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

21 Over \$40,000 but \$1,008.00 plus 3.6% of



1	<u>not over \$48,000</u>	<u>excess over \$40,000</u>
2	<u>Over \$48,000 but</u>	<u>\$1,354.00 plus 4.94% of</u>
3	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
4	<u>Over \$72,000 but</u>	<u>\$3,851.00 plus 6.72% of</u>
5	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
6	<u>Over \$96,000 but</u>	<u>\$5,784.00 plus 7.5% of</u>
7	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
8	<u>Over \$300,00 but</u>	<u>\$23,257.00 plus 9.00% of</u>
9	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
10	<u>Over \$350,000 but</u>	<u>\$27,757.00 plus 10.00% of</u>
11	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
12	<u>Over \$400,000</u>	<u>\$32,757.00 plus 11.00% of</u>
13		<u>excess over \$400,000.</u>

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

17 In the case of any taxable year beginning after December
 18 31, 2001:

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



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

16 In the case of any taxable year beginning after December
 17 31, 2006:

18	If the taxable income is:	The tax shall be:
19	Not over \$3,600	1.40% of taxable income
20	Over \$3,600 but	\$50.00 plus 3.20% of
21	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 December
 16 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
21	Over \$7,200 but	\$166.00 plus 5.50% of



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

20 In the case of any taxable year beginning after December
 21 21, 2021:



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1	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
2	<u>Over \$20,000 but</u>	<u>\$281.00 plus 2.60% of</u>
3	<u>not over \$21,600</u>	<u>excess over \$20,000</u>
4	<u>Over \$21,600 but</u>	<u>\$511.00 plus 3.4% of</u>
5	<u>not over \$28,800</u>	<u>excess over \$21,600</u>
6	<u>Over \$28,800 but</u>	<u>\$756.00 plus 3.6% of</u>
7	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
8	<u>Over \$36,000 but</u>	<u>\$1,320.00 plus 4.90% of</u>
9	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
10	<u>Over \$54,000 but</u>	<u>\$2,888.00 plus 6.72% of</u>
11	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
12	<u>Over \$72,000 but</u>	<u>\$4,097.00 plus 7.00% of</u>
13	<u>not over \$225,000</u>	<u>excess over \$72,000</u>
14	<u>Over \$225,000 but</u>	<u>\$17,443.00 plus 9.00% of</u>
15	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
16	<u>Over \$262,500 but</u>	<u>\$20,818.00 plus 10.00% of</u>
17	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
18	<u>Over \$300,000 but</u>	<u>\$24,568.00 plus 11.00% of</u>
19		<u>excess over \$300,000.</u>

20 (c) There is hereby imposed on the taxable income of (1)
 21 every unmarried individual (other than a surviving spouse, or



1 the head of a household) and (2) on the taxable income of every
2 married individual who does not make a single return jointly
3 with the individual's spouse under section 235-93 a tax
4 determined in accordance with the following table:

5 In the case of any taxable year beginning after December
6 31, 2001:

7	If the taxable income is:	The tax shall be:
8	Not over \$2,000	1.40% of taxable income
9	Over \$2,000 but	\$28.00 plus 3.20% of
10	not over \$4,000	excess over \$2,000
11	Over \$4,000 but	\$92.00 plus 5.50% of
12	not over \$8,000	excess over \$4,000
13	Over \$8,000 but	\$312.00 plus 6.40% of
14	not over \$12,000	excess over \$8,000
15	Over \$12,000 but	\$568.00 plus 6.80% of
16	not over \$16,000	excess over \$12,000
17	Over \$16,000 but	\$840.00 plus 7.20% of
18	not over \$20,000	excess over \$16,000
19	Over \$20,000 but	\$1,128.00 plus 7.60% of
20	not over \$30,000	excess over \$20,000
21	Over \$30,000 but	\$1,888.00 plus 7.90% of



1	not over \$40,000	excess over \$30,000
2	Over \$40,000	\$2,678.00 plus 8.25% of
3		excess over \$40,000.

4 In the case of any taxable year beginning after December
 5 31, 2006:

6	If the taxable income is:	The tax shall be:
7	Not over \$2,400	1.40% of taxable income
8	Over \$2,400 but	\$34.00 plus 3.20% of
9	not over \$4,800	excess over \$2,400
10	Over \$4,800 but	\$110.00 plus 5.50% of
11	not over \$9,600	excess over \$4,800
12	Over \$9,600 but	\$374.00 plus 6.40% of
13	not over \$14,400	excess over \$9,600
14	Over \$14,400 but	\$682.00 plus 6.80% of
15	not over \$19,200	excess over \$14,400
16	Over \$19,200 but	\$1,008.00 plus 7.20% of
17	not over \$24,000	excess over \$19,200
18	Over \$24,000 but	\$1,354.00 plus 7.60% of
19	not over \$36,000	excess over \$24,000
20	Over \$36,000 but	\$2,266.00 plus 7.90% of
21	not over \$48,000	excess over \$36,000



[illegible]

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 \$2,400	1.40% of taxable income
7	Over \$2,400 but	\$34.00 plus 3.20% of
8	not over \$4,800	excess over \$2,400
9	Over \$4,800 but	\$110.00 plus 5.50% of
10	not over \$9,600	excess over \$4,800
11	Over \$9,600 but	\$374.00 plus 6.40% of
12	not over \$14,400	excess over \$9,600
13	Over \$14,400 but	\$682.00 plus 6.80% of
14	not over \$19,200	excess over \$14,400
15	Over \$19,200 but	\$1,008.00 plus 7.20% of
16	not over \$24,000	excess over \$19,200
17	Over \$24,000 but	\$1,354.00 plus 7.60% of
18	not over \$36,000	excess over \$24,000
19	Over \$36,000 but	\$2,266.00 plus 7.90% of
20	not over \$48,000	excess over \$36,000
21	Over \$48,000 but	\$3,214.00 plus 8.25% of



1	not over \$150,000	excess over \$48,000
2	Over \$150,000 but	\$11,629.00 plus 9.00% of
3	not over \$175,000	excess over \$150,000
4	Over \$175,000 but	\$13,879.00 plus 10.00% of
5	not over \$200,000	excess over \$175,000
6	Over \$200,000	\$16,379.00 plus 11.00% of
7		excess over \$200,000.

8 In the case of any taxable year beginning after December
9 31, 2021:

10	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
11	<u>Over \$20,000 but</u>	<u>\$504.00 plus 3.60% of</u>
12	<u>not over \$24,000</u>	<u>excess over \$20,000</u>
13	<u>Over \$24,000 but</u>	<u>\$677.00 plus 3.8% of</u>
14	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
15	<u>Over \$36,000 but</u>	<u>\$1,473.00 plus 5.10% of</u>
16	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
17	<u>Over \$48,000 but</u>	<u>\$2,411.00 plus 6.20% of</u>
18	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
19	<u>Over \$150,000 but</u>	<u>\$11,629.00 plus 9.00% of</u>
20	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
21	<u>Over \$200,000</u>	<u>\$16,379.00 plus 11.00% of</u>



1 excess over \$200,000."

2 SECTION 3. Section 237-13, Hawaii Revised Statutes, is am

3 SECTION 4. Statutory material to be repealed is bracketed

4 and stricken. New statutory material is underscored.

5 SECTION 5. This Act shall take effect on July 1, 2022.

6

INTRODUCED BY:

Jan Muth
JAN 26 2022



H.B. NO. 2389

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.

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

