
A BILL FOR AN ACT

RELATING TO INCOME TAX.

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

1 SECTION 1. Section 235-1, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 and to read as follows:

4 "Cost-of-living adjustment factor" means a factor
5 calculated by adding 1.0 to the percentage change, from July of
6 the preceding calendar year to July of the current calendar
7 year, in the United States Department of Labor's:

8 (1) Urban Hawaii Consumer Price Index for all items; or

9 (2) Chained Consumer Price Index for All Urban Consumers,
10 if the Urban Hawaii Consumer Price Index is
11 discontinued."

12 SECTION 2. Section 235-2.4, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) Section 63 (with respect to taxable income defined)
15 of the Internal Revenue Code shall be operative for the purposes
16 of this chapter, subject to the following:



- 1 (1) Section 63(c)(1)(B) (relating to the additional
2 standard deduction), 63(c)(1)(C) (relating to the real
3 property tax deduction), 63(c)(1)(D) (relating to the
4 disaster loss deduction), 63(c)(1)(E) (relating to the
5 motor vehicle sales tax deduction), 63(c)(4) (relating
6 to inflation adjustments), 63(c)(7) (defining the real
7 property tax deduction), 63(c)(8) (defining the
8 disaster loss deduction), 63(c)(9) (defining the motor
9 vehicle sales tax deduction), and 63(f) (relating to
10 additional amounts for the aged or blind) of the
11 Internal Revenue Code shall not be operative for
12 purposes of this chapter;
- 13 (2) Section 63(c)(2) (relating to the basic standard
14 deduction) of the Internal Revenue Code shall be
15 operative [~~, except that the standard deduction amounts~~
16 ~~provided therein shall instead mean:~~
- 17 ~~(A) \$4,400 in the case of:~~
- 18 ~~(i) A joint return as provided by section 235-~~
19 ~~93; or~~
- 20 ~~(ii) A surviving spouse (as defined in section~~
21 ~~2(a) of the Internal Revenue Code);~~



- 1 ~~(B) \$3,212 in the case of a head of household (as~~
- 2 ~~defined in section 2(b) of the Internal Revenue~~
- 3 ~~Code);~~
- 4 ~~(C) \$2,200 in the case of an individual who is not~~
- 5 ~~married and who is not a surviving spouse or head~~
- 6 ~~of household; or~~
- 7 ~~(D) \$2,200 in the case of a married individual filing~~
- 8 ~~a separate return;]~~ provided that:
- 9 (A) The standard deduction amounts provided therein
- 10 shall instead mean:
- 11 (i) \$10,000 in the case of a joint return, as
- 12 provided by section 235-93, or a surviving
- 13 spouse, as defined in section 2(a) of the
- 14 Internal Revenue Code;
- 15 (ii) \$7,500 in the case of a head of household,
- 16 as defined in section 2(b) of the Internal
- 17 Revenue Code;
- 18 (iii) \$5,000 in the case of an individual who is
- 19 not married and who is not a surviving
- 20 spouse or head of household; or



- 1 (iv) \$5,000 in the case of a married individual
- 2 filing a separate return; and
- 3 (B) For each taxable year beginning after
- 4 December 31, 2024, the director, no later than
- 5 December 15 of the preceding calendar year, shall
- 6 recompute the standard deduction amounts by
- 7 multiplying the dollar amounts for the preceding
- 8 taxable year by the cost-of-living adjustment
- 9 factor, if the cost-of-living adjustment factor
- 10 is greater than zero, and rounding off the
- 11 resulting product to the nearest \$1; provided
- 12 that if the cost of living adjustment factor is
- 13 less than or equal to zero in a given year, then
- 14 no adjustment will occur in the following year;
- 15 (3) Section 63(c)(5) (limiting the basic standard
- 16 deduction in the case of certain dependents) of the
- 17 Internal Revenue Code shall be operative, except that
- 18 the limitation shall be the greater of \$500 or the
- 19 individual's earned income; and
- 20 (4) The standard deduction amount for nonresidents shall
- 21 be calculated pursuant to section 235-5."



1 SECTION 3. Section 235-51, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§235-51 Tax imposed on individuals; rates. (a) There is
4 hereby imposed on the taxable income of every:

5 (1) Taxpayer who files a joint return under section
6 235-93; and

7 (2) Surviving spouse,

8 a tax determined in accordance with the following table:

9 ~~[In the case of any taxable year beginning after December~~
10 ~~31, 2017:~~

11	If the taxable income is:	The tax shall be:
12	Not over \$4,800	1.40% of taxable income
13	Over \$4,800 but	\$67.00 plus 3.20% of
14	not over \$9,600	excess over \$4,800
15	Over \$9,600 but	\$221.00 plus 5.50% of
16	not over \$19,200	excess over \$9,600
17	Over \$19,200 but	\$749.00 plus 6.40% of
18	not over \$28,800	excess over \$19,200
19	Over \$28,800 but	\$1,363.00 plus 6.80% of
20	not over \$38,400	excess over \$28,800
21	Over \$38,400 but	\$2,016.00 plus 7.20% of



1	not over \$48,000	excess over \$38,400
2	Over \$48,000 but	\$2,707.00 plus 7.60% of
3	not over \$72,000	excess over \$48,000
4	Over \$72,000 but	\$4,531.00 plus 7.90% of
5	not over \$96,000	excess over \$72,000
6	Over \$96,000 but	\$6,427.00 plus 8.25% of
7	not over \$300,000	excess over \$96,000
8	Over \$300,000 but	\$23,257.00 plus 9.00% of
9	not over \$350,000	excess over \$300,000
10	Over \$350,000 but	\$27,757.00 plus 10.00% of
11	not over \$400,000	excess over \$350,000
12	Over \$400,000	\$32,757.00 plus 11.00% of
13		excess over \$400,000.

14 In the case of any taxable year beginning after

15 December 31, 2023:

16	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
17	<u>Not over \$5,126</u>	<u>1.40% of taxable income</u>
18	<u>Over \$5,126 but</u>	<u>\$72.00 plus 3.20% of</u>
19	<u>not over \$10,253</u>	<u>excess over \$5,126</u>
20	<u>Over \$10,253 but</u>	<u>\$236.00 plus 5.50% of</u>
21	<u>not over \$20,506</u>	<u>excess over \$10,253</u>



1	<u>Over \$20,506 but</u>	<u>\$800.00 plus 6.40% of</u>
2	<u>not over \$30,758</u>	<u>excess over \$20,506</u>
3	<u>Over \$30,758 but</u>	<u>\$1,456.00 plus 6.80% of</u>
4	<u>not over \$41,011</u>	<u>excess over \$30,758</u>
5	<u>Over \$41,011 but</u>	<u>\$2,153.00 plus 7.20% of</u>
6	<u>not over \$51,264</u>	<u>excess over \$41,011</u>
7	<u>Over \$51,264 but</u>	<u>\$2,891.00 plus 7.60% of</u>
8	<u>not over \$76,896</u>	<u>excess over \$51,264</u>
9	<u>Over \$76,896 but</u>	<u>\$4,839.00 plus 7.90% of</u>
10	<u>not over \$102,528</u>	<u>excess over \$76,896</u>
11	<u>Over \$102,528 but</u>	<u>\$6,864.00 plus 8.25% of</u>
12	<u>not over \$320,400</u>	<u>excess over \$102,528</u>
13	<u>Over \$320,400 but</u>	<u>\$24,838.00 plus 9.00% of</u>
14	<u>not over \$373,800</u>	<u>excess over \$320,400</u>
15	<u>Over \$373,800 but</u>	<u>\$29,644.00 plus 10.00% of</u>
16	<u>not over \$427,200</u>	<u>excess over \$373,800</u>
17	<u>Over \$427,200</u>	<u>\$34,984.00 plus 11.00% of</u>
18		<u>excess over \$427,200.</u>

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



1 ~~[In the case of any taxable year beginning after December~~
2 ~~31, 2017:~~

3 If the taxable income is:	The tax shall be:
4 Not over \$3,600	1.40% of taxable income
5 Over \$3,600 but	\$50.00 plus 3.20% of
6 not over \$7,200	— excess over \$3,600
7 Over \$7,200 but	\$166.00 plus 5.50% of
8 not over \$14,400	excess over \$7,200
9 Over \$14,400 but	\$562.00 plus 6.40% of
10 not over \$21,600	excess over \$14,400
11 Over \$21,600 but	\$1,022.00 plus 6.80% of
12 not over \$28,800	excess over \$21,600
13 Over \$28,800 but	\$1,512.00 plus 7.20% of
14 not over \$36,000	excess over \$28,800
15 Over \$36,000 but	\$2,030.00 plus 7.60% of
16 not over \$54,000	excess over \$36,000
17 Over \$54,000 but	\$3,398.00 plus 7.90% of
18 not over \$72,000	excess over \$54,000
19 Over \$72,000 but	\$4,820.00 plus 8.25% of
20 not over \$225,000	excess over \$72,000
21 Over \$225,000 but	\$17,443.00 plus 9.00% of



1 ~~not over \$262,500~~ ~~excess over \$225,000~~
2 ~~Over \$262,500 but~~ ~~\$20,818.00 plus 10.00% of~~
3 ~~not over \$300,000~~ ~~excess over \$262,500~~
4 ~~Over \$300,000~~ ~~\$24,568.00 plus 11.00% of~~
5 ~~excess over \$300,000.]~~

6 In the case of any taxable year beginning after
7 December 31, 2023:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
8 <u>Not over \$3,845</u>	9 <u>1.40% of taxable income</u>
10 <u>Over \$3,845 but</u>	10 <u>\$54.00 plus 3.20% of</u>
11 <u>not over \$7,690</u>	11 <u>excess over \$3,845</u>
12 <u>Over \$7,690 but</u>	12 <u>\$177.00 plus 5.50% of</u>
13 <u>not over \$15,379</u>	13 <u>excess over \$7,690</u>
14 <u>Over \$15,379 but</u>	14 <u>\$600.00 plus 6.40% of</u>
15 <u>not over \$23,069</u>	15 <u>excess over \$15,379</u>
16 <u>Over \$23,069 but</u>	16 <u>\$1,092.00 plus 6.80% of</u>
17 <u>not over \$30,758</u>	17 <u>excess over \$23,069</u>
18 <u>Over \$30,758 but</u>	18 <u>\$1,615.00 plus 7.20% of</u>
19 <u>not over \$38,448</u>	19 <u>excess over \$30,758</u>
20 <u>Over \$38,448 but</u>	20 <u>\$2,169.00 plus 7.60% of</u>
21 <u>not over \$57,672</u>	21 <u>excess over \$38,448</u>



1	<u>Over \$57,672 but</u>	<u>\$3,630.00 plus 7.90% of</u>
2	<u>not over \$76,896</u>	<u>excess over \$57,672</u>
3	<u>Over \$76,896 but</u>	<u>\$5,149.00 plus 8.25% of</u>
4	<u>not over \$240,300</u>	<u>excess over \$76,896</u>
5	<u>Over \$240,300 but</u>	<u>\$18,630.00 plus 9.00% of</u>
6	<u>not over \$280,350</u>	<u>excess over \$240,300</u>
7	<u>Over \$280,350 but</u>	<u>\$22,234.00 plus 10.00% of</u>
8	<u>not over \$320,400</u>	<u>excess over \$280,350</u>
9	<u>Over \$320,400</u>	<u>\$26,239.00 plus 11.00% of</u>
10		<u>excess over \$320,400.</u>

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

17 ~~[In the case of any taxable year beginning after December~~
 18 ~~31, 2017:~~

19	If the taxable income is:	The tax shall be:
20	Not over \$2,400	1.40% of taxable income
21	Over \$2,400 but	\$34.00 plus 3.20% of



1	not over \$4,800	excess over \$2,400
2	Over \$4,800 but	\$110.00 plus 5.50% of
3	not over \$9,600	excess over \$4,800
4	Over \$9,600 but	\$374.00 plus 6.40% of
5	not over \$14,400	excess over \$9,600
6	Over \$14,400 but	\$682.00 plus 6.80% of
7	not over \$19,200	excess over \$14,400
8	Over \$19,200 but	\$1,008.00 plus 7.20% of
9	not over \$24,000	excess over \$19,200
10	Over \$24,000 but	\$1,354.00 plus 7.60% of
11	not over \$36,000	excess over \$24,000
12	Over \$36,000 but	\$2,266.00 plus 7.90% of
13	not over \$48,000	excess over \$36,000
14	Over \$48,000 but	\$3,214.00 plus 8.25% of
15	not over \$150,000	excess over \$48,000
16	Over \$150,000 but	\$11,629.00 plus 9.00% of
17	not over \$175,000	excess over \$150,000
18	Over \$175,000 but	\$13,879.00 plus 10.00% of
19	not over \$200,000	excess over \$175,000
20	Over \$200,000	\$16,379.00 plus 11.00% of
21		excess over \$200,000.]



1 In the case of any taxable year beginning after
2 December 31, 2023:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
3 <u>Not over \$2,563</u>	<u>1.40% of taxable income</u>
4 <u>Over \$2,563 but</u>	<u>\$36.00 plus 3.20% of</u>
5 <u>not over \$5,126</u>	<u>excess over \$2,563</u>
6 <u>Over \$5,126 but</u>	<u>\$118.00 plus 5.50% of</u>
7 <u>not over \$10,253</u>	<u>excess over \$5,126</u>
8 <u>Over \$10,253 but</u>	<u>\$400.00 plus 6.40% of</u>
9 <u>not over \$15,379</u>	<u>excess over \$10,253</u>
10 <u>Over \$15,379 but</u>	<u>\$728.00 plus 6.80% of</u>
11 <u>not over \$20,506</u>	<u>excess over \$15,379</u>
12 <u>Over \$20,506 but</u>	<u>\$1,077.00 plus 7.20% of</u>
13 <u>not over \$25,632</u>	<u>excess over \$20,506</u>
14 <u>Over \$25,632 but</u>	<u>\$1,446.00 plus 7.60% of</u>
15 <u>not over \$38,448</u>	<u>excess over \$25,632</u>
16 <u>Over \$38,448 but</u>	<u>\$2,420.00 plus 7.90% of</u>
17 <u>not over \$51,264</u>	<u>excess over \$38,448</u>
18 <u>Over \$51,264 but</u>	<u>\$3,432.00 plus 8.25% of</u>
19 <u>not over \$160,200</u>	<u>excess over \$51,264</u>
20 <u>Over \$160,200 but</u>	<u>\$12,419.00 plus 9.00% of</u>

1	<u>not over \$186,900</u>	<u>excess over \$160,200</u>
2	<u>Over \$186,900 but</u>	<u>\$14,822.00 plus 10.00% of</u>
3	<u>not over \$213,600</u>	<u>excess over \$186,900</u>
4	<u>Over \$213,600</u>	<u>\$17,492.00 plus 11.00% of</u>
5		<u>excess over \$213,600.</u>

6 (d) The tax imposed by section 235-2.45 on estates and
7 trusts shall be determined in accordance with the following
8 table:

9 In the case of any taxable year beginning after
10 December 31, 2001:

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



1	not over \$20,000	excess over \$16,000
2	Over \$20,000 but	\$1,128.00 plus 7.60% of
3	not over \$30,000	excess over \$20,000
4	Over \$30,000 but	\$1,888.00 plus 7.90% of
5	not over \$40,000	excess over \$30,000
6	Over \$40,000	\$2,678.00 plus 8.25% of
7		excess over \$40,000.

8 (e) Any taxpayer, other than a corporation, acting as a
9 business entity in more than one state who is required by this
10 chapter to file a return may elect to report and pay a tax of .5
11 per cent of the taxpayer's annual gross sales if the:

- 12 (1) Taxpayer's only activities in this State consist of
- 13 sales;
- 14 (2) Taxpayer does not own or rent real estate or tangible
- 15 personal property; and
- 16 (3) Taxpayer's annual gross sales in or into this State
- 17 during the tax year is not in excess of \$100,000.

18 (f) If a taxpayer has a net capital gain for any taxable
19 year to which this subsection applies, then the tax imposed by
20 this section shall not exceed the sum of:

1 (1) The tax computed at the rates and in the same manner
2 as if this subsection had not been enacted on the
3 greater of:

4 (A) The taxable income reduced by the amount of net
5 capital gain, or

6 (B) The amount of taxable income taxed at a rate
7 below 7.25 per cent, plus

8 (2) A tax of 7.25 per cent of the amount of taxable income
9 in excess of the amount determined under
10 paragraph (1).

11 This subsection shall apply to individuals, estates, and
12 trusts for taxable years beginning after December 31, 1986.

13 (g) For each taxable year beginning after December 31,
14 2024, the director, no later than December 15 of the preceding
15 calendar year, shall recompute the taxable income amounts within
16 each of the income brackets in subsections (a), (b), and (c) by
17 multiplying the taxable income amounts within each income
18 bracket for the preceding taxable year by the cost-of-living
19 adjustment factor, if the cost-of-living adjustment factor is
20 greater than zero, and rounding off the resulting product to the
21 nearest \$1. If the cost-of-living adjustment factor is less



1 than or equal to zero in a given year, then no adjustment will
2 occur in the following year. Nothing in this subsection shall
3 be construed as permitting an adjustment to the rates of tax in
4 subsections (a), (b), and (c)."

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

7 SECTION 5. This Act shall take effect on July 1, 3000, and
8 shall apply to taxable years beginning after December 31, 2023.



Report Title:

Income Tax; Income Tax Brackets; Standard Deduction; Cost-of-Living Adjustment

Description:

Increases the amounts for the income tax brackets and standard deduction amounts for tax year 2024. Adjusts annually for tax years beginning after 12/31/2024, the income tax brackets and standard deduction amounts by a cost-of-living adjustment factor. Amends the taxable income brackets and income tax rates for each filing status for taxable years beginning after 12/31/2023. Defines "cost-of-living adjustment factor". Effective 7/1/3000. (SD1)

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

