

A Bill for an Act Relating to Taxation.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Chapter 235, Hawaii Revised Statutes, is amended as follows:

1. A new section to be appropriately designated and to read as follows is added:

**“Sec. 235- Excise tax credit.** (a) Each resident taxpayer, who files an individual income tax return for a taxable year, and who is not claimed or is not otherwise eligible to be claimed as a dependent by another taxpayer for federal or Hawaii state individual income tax purposes, may claim an excise tax credit against his individual income tax liability for the taxable year for which the individual income tax return is being filed; provided that a husband and wife filing separate returns for a taxable year for which a joint return could have been filed by them shall claim only the tax credit to which they would have been entitled had a joint return been filed; and provided that a resident individual who has no income or no income taxable under this chapter and who is not claimed or is not otherwise eligible to be claimed as a dependent by a taxpayer for federal or Hawaii state individual income tax purposes may also claim tax credits as set forth in this section.

(b) Tax credit schedule. Each taxpayer may claim tax credits in the amount indicated for each adjusted gross income bracket as shown in the schedule below multiplied by the number of qualified exemptions to which he is entitled.

**Excise Tax Credit Schedule**

Adjusted Gross Income	Tax Credit
Under \$5,000	30
\$ 5,000 under \$ 6,000	28
6,000 " 7,000	26
7,000 " 8,000	24
8,000 " 9,000	22
9,000 " 10,000	20
10,000 " 11,000	17
11,000 " 12,000	14
12,000 " 13,000	11
13,000 " 14,000	8
14,000 " 15,000	6

(c) Qualified exemption defined. For the purposes of this section, a qualified exemption is defined to include those exemptions permitted under this chapter; provided that a person for whom exemption is claimed has physically resided in the State for more than nine months during the taxable year; and provided further that multiple exemption shall not be granted because of advanced age, deficiencies in vision or hearing, or other disability.

(d) Tax credits to be deducted from income tax liability, if any; refunds. The tax credits claimed by a resident taxpayer pursuant to this section shall be deductible from the resident taxpayer's individual income tax liability, if any, for the tax year in which they are properly claimed. In the event the tax credits claimed by a resident taxpayer exceed the amount of income tax payment due from the resident taxpayer, the excess of credits over payments due shall be refunded to the resident taxpayer; provided that tax credits properly claimed by a resident individual who has no income tax liability shall be paid to the resident individual; and provided further that no refunds or payment on account of the tax credits allowed by this section shall be made for amounts less than \$1.

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(e) All claims for tax credits under this section, including any amended claims must be filed on or before the end of the twelfth month following the close of the taxable year for which the credits may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit.”

2. Section 235-56 is repealed.

3. Section 235-56.5 is repealed.

4. Section 235-57 is repealed.

SECTION 2. If any provision of this Act, or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.\*

SECTION 4. This Act shall take effect upon its approval; provided that this Act shall apply to taxable years beginning on or after January 1, 1974.

(Approved June 13, 1974.)

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\*Edited accordingly.