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### A BILL FOR AN ACT

RELATING TO LOW-INCOME REFUNDABLE TAX CREDIT.

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

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

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

[Each] Except as provided in subsection (d), resident 4 "(a) individual taxpayer, who files an individual income tax return 5 for a taxable year, and who is not claimed or is not otherwise 6 7 eligible to be claimed as a dependent by another taxpayer for federal or Hawaii state individual income tax purposes, may 8 claim a refundable food/excise tax credit against the resident 9 taxpayer's individual income tax liability for the taxable year 10 for which the individual income tax return is being filed; 11 provided that a resident individual who has no income or no 12 income taxable under this chapter and who is not claimed or is 13 not otherwise eligible to be claimed as a dependent by a 14 taxpayer for federal or Hawaii state individual income tax 15 purposes may claim this credit." 16

17 2. By amending subsection (d) to read:

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1	"(d)	The tax credit under this section shall not be
2	available	to:
3	(1)	Any person who has been convicted of a felony and who
4		has been committed to prison and has been physically
5		confined for the full taxable year;
6	(2)	Any person who would otherwise be eligible to be
7		claimed as a dependent but who has been committed to a
8		youth correctional facility and has resided at the
9		facility for the full taxable year; [ <del>or</del> ]
10	(3)	Any misdemeanant who has been committed to jail and
11		has been physically confined for the full taxable
12		year[-] <u>; or</u>
13	(4)	Any person who is not eligible to receive public
14		assistance under section 346-29."
15	SECT	ION 2. Section 235-55.85, Hawaii Revised Statutes, is
16	repealed.	
17	[" <del>§23</del>	<b>35-55.85 Refundable food/excise tax credit.</b> (a) Each
18	<del>resident</del> i	ndividual taxpayer, who files an individual income tax
19	<del>return for</del>	a taxable year, and who is not claimed or is not
20	otherwise	eligible to be claimed as a dependent by another
21	<del>taxpayer f</del>	or federal or Hawaii state individual income tax
22	purposes,	may claim a refundable food/excise tax credit against
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1	the resident taxpayer's individual income tax liability for the				
2	taxable year for which the individual income tax return is being				
3	filed; provided that a resident individual who has no income or				
4	no income taxable under this chapter and who is not claimed or				
5	is not otherwise eligible to be claimed as a dependent by a				
6	taxpayer for federal or Hawaii state individual income tax				
7	purposes may claim this credit.				
8	(b) Each resident individual taxpayer may claim a				
9	refundable food/excise tax credit multiplied by the number of				
10	qualified exemptions to which the taxpayer is entitled in				
11	accordance with the table below; provided that a husband and				
12	wife filing separate tax returns for a taxable year for which a				
13	joint return could have been filed by them shall claim only the				
14	tax credit to which they would have been entitled had a joint				
15	return been filed.				
16	Adjusted gross income Credit per exemption				
17	<del>Under \$5,000</del> \$85				
18	\$5,000 under \$10,000 75				
19	\$10,000-under-\$15,000 65				
20	\$15,000 under \$20,000 55				
21	<del>\$20,000 under \$30,000</del> 45				
22	\$30,000 under \$40,000 35				



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1	\$40,000 under \$50,000 25
2	\$50,000 and over 0
3	(c) For the purposes of this section, a qualified
4	exemption is defined to include those exemptions permitted under
5	this chapter; provided that no additional exemption may be
6	claimed by a taxpayer who is sixty-five years of age or older;
7	provided that a person for whom exemption is claimed has
8	physically resided in the State for more than nine months during
9	the taxable year; and provided further that multiple exemptions
10	shall not be granted because of deficiencies in vision or
11	hearing, or other disability. For purposes of claiming this
12	credit only, a minor child receiving support from the department
13	of human services of the State, social security survivor's
14	benefits, and the like, may be considered a dependent and a
15	qualified exemption of the parent or guardian.
16	(d) The tax credit under this section shall not be
17	available to:
18	(1) Any person who has been convicted of a felony and who
19	has been committed to prison and has been physically
20	confined for the full taxable year;
21	(2) Any person who would otherwise be eligible to be
22	claimed as a dependent but who has been committed to a



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1		youth correctional facility and has resided at the
2		facility for the full taxable year; or
3	<del>(3)</del>	Any misdemeanant who has been committed to jail and
4		has been physically confined for the full taxable
5		<del>year.</del>
6	<del>(e)</del>	The tax credits claimed by a resident taxpayer
7	<del>pursuant</del>	to this section shall be deductible from the resident
8	taxpayer'	s individual income tax liability, if any, for the tax
9	<del>year in w</del>	hich they are properly claimed. If the tax credits
10	<del>claimed b</del>	y a resident taxpayer exceed the amount of income tax
11	<del>payment d</del>	ue from the resident taxpayer, the excess of credits
12	<del>over paym</del>	ents due shall be refunded to the resident taxpayer;
13	provided -	that tax credits properly claimed by a resident
14	individua	l who has no income tax liability shall be paid to the
15	<del>resident</del>	individual; and provided further that no refunds or
16	payment o	n account of the tax credits allowed by this section
17	<del>shall be</del>	made for amounts less than \$1.
18	<del>(f)</del>	All claims for tax credits under this section,
19	including	any amended claims, shall be filed on or before the
20	end of th	e twelfth month following the close of the taxable year
21	for which	the credits may be claimed. Failure to comply with

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1	the foregoing provision shall constitute a waiver of the right
2	to claim the credit.
3	(g) For the purposes of this section, "adjusted gross
4	income" means adjusted gross income as defined by the Internal
5	Revenue Code."]
6	SECTION 3. Statutory material to be repealed is bracketed
7	and stricken. New statutory material is underscored.
8	SECTION 4. This Act shall take effect upon its approval
9	and apply to taxable years beginning after December 31, 2008;
10	provided that section 2 shall take effect on December 31, 2015.
11	P O J / K

INTRODUCED BY:

121 h E JAN 2 8 2009





Report Title: Income Tax Credit; Food; General Excise Tax

#### Description:

Changes the eligibility for the low-income refundable food and excise tax credit by requiring taxpayers to be eligible for state public assistance and repeals the tax credit on 12/31/2015.

