THE SENATE
TWENTY-FIFTH LEGISLATURE, 2010
STATE OF HAWAII

JAN 27 2010

S.B. NO. 2922

A BILL FOR AN ACT

RELATING TO PUBLIC FINANCE.

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

PART I

SECTION 1. The legislature finds that Hawaii's tax system has become highly regressive, with the lowest twenty per cent of Hawaii's citizens experiencing a total tax burden of 12.2 per cent of their income after the federal offset and the highest one per cent of citizens experiencing a total tax burden of only 6.3 per cent after the federal offset.

The legislature also finds that at the same time, tax collections have plummeted, resulting in furloughs, layoffs, and reductions in services. In particular, funding for education has been reduced by approximately $ million. Regardless of whether a solution is implemented in time to restore lost instructional days for the 2009-2010 school year, __________ instructional days for ten-month non-charter public school students and __________ twelve-month non-charter public schools are scheduled to be canceled for the 2010-2011 school year.

The legislature further finds that any approach to restoring instructional days and funding for education and other priorities should be forward-thinking to prevent short-sighted solutions. A combination of appropriations from the Hawaii hurricane relief fund, the emergency and budget reserve fund, the federal Troubled Asset Relief Program, and increasing income taxes for the highest earning citizens, closing of corporate tax loopholes, and taxing capital gains at ordinary income tax rates would provide a viable means of restoring funding for education and other high need, high priority programs.

The legislature declares that this Act shall not be construed to mean that the legislature, in any way, intends to interfere with the processes of public sector collective bargaining as authorized under the state constitution and chapter 89, Hawaii Revised Statutes.

The purpose of this Act is to generate revenue, make the tax system more progressive, appropriate funds for public education, and to establish a commission to evaluate Hawaii's tax structure and means of financing public education.

PART II

SECTION 2. The legislature finds that citizens whose income exceed $200,000 have benefited from the growth of Hawaii's economy over the years and even during the current recession, continue to benefit from the State's economy. These residents should pay their fair share. Specifically, this part is designed to increase revenue by increasing income tax brackets and rates for high-income individual taxpayers.

SECTION 3. Section 235-51, Hawaii Revised Statutes, is amended by amending subsections (a), (b), (c), and (d) to read as follows:

"(a) There is hereby imposed on the taxable income of (1) every taxpayer who files a joint return under section 235-93; and (2) every surviving spouse a tax determined in accordance with the following table:

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

If the taxable income is:	The tax shall be:
Not over $4,000	1.40% of taxable income
Over $4,000 but not over $8,000	$56.00 plus 3.20% of excess over $4,000
Over $8,000 but not over $16,000	$184.00 plus 5.50% of excess over $8,000
Over $16,000 but not over $24,000	$624.00 plus 6.40% of excess over $16,000
Over $24,000 but not over $32,000	$1,136.00 plus 6.80% of excess over $24,000

Over $32,000 but not over $40,000	$1,680.00 plus 7.20% of excess over $32,000
Over $40,000 but not over $60,000	$2,256.00 plus 7.60% of excess over $40,000
Over $60,000 but not over $80,000	$3,776.00 plus 7.90% of excess over $60,000
Over $80,000	$5,356.00 plus 8.25% of excess over $80,000.

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

If the taxable income is:	The tax shall be:
Not over $4,800	1.40% of taxable income
Over $4,800 but not over $9,600	$67.00 plus 3.20% of excess over $4,800
Over $9,600 but not over $19,200	$221.00 plus 5.50% of excess over $9,600
Over $19,200 but not over $28,800	$749.00 plus 6.40% of excess over $19,200
Over $28,800 but not over $38,400	$1,363.00 plus 6.80% of excess over $28,800
Over $38,400 but not over $48,000	$2,016.00 plus 7.20% of excess over $38,400

Over $48,000 but not over $72,000	$2,707.00 plus 7.60% of excess over $48,000
Over $72,000 but not over $96,000	$4,531.00 plus 7.90% of excess over $72,000
Over $96,000	$6,427.00 plus 8.25% of excess over $96,000.

In the case of any taxable year beginning after December 31, 2008:

If the taxable income is:	The tax shall be:
Not over $4,800	1.40% of taxable income
Over $4,800 but not over $9,600	$67.00 plus 3.20% of excess over $4,800
Over $9,600 but not over $19,200	$221.00 plus 5.50% of excess over $9,600
Over $19,200 but not over $28,800	$749.00 plus 6.40% of excess over $19,200
Over $28,800 but not over $38,400	$1,363.00 plus 6.80% of excess over $28,800
Over $38,400 but not over $48,000	$2,016.00 plus 7.20% of excess over $38,400
Over $48,000 but not over $72,000	$2,707.00 plus 7.60% of excess over $48,000

Over $72,000 but not over $96,000	$4,531.00 plus 7.90% of excess over $72,000
Over $96,000 but not over $300,000	$6,427.00 plus 8.25% of excess over $96,000
Over $300,000 but not over $350,000	$23,257.00 plus 9.00% of excess over $300,000
Over $350,000 but not over $400,000	$27,757.00 plus 10.00% of excess over $350,000
Over $400,000	$32,757.00 plus 11.00% of excess over $400,000.

In the case of any taxable year beginning after December 31, 2009:

If the taxable income is:	The tax shall be:
Not over $4,800	1.40% of taxable income
Over $4,800 but not over $9,600	$67.00 plus 3.20% of excess over $4,800
Over $9,600 but not over $19,200	$221.00 plus 5.50% of excess over $9,600
Over $19,200 but not over $28,800	$749.00 plus 6.40% of excess over $19,200
Over $28,800 but not over $38,400	$1,363.00 plus 6.80% of excess over $28,800

Over $38,400 but not over $48,000	$2,016.00 plus 7.20% of excess over $38,400
Over $48,000 but not over $72,000	$2,707.00 plus 7.60% of excess over $48,000
Over $72,000 but not over $96,000	$4,531.00 plus 7.90% of excess over $72,000
Over $96,000 but not over $200,000	$6,427.00 plus 8.25% of excess over $96,000
Over $200,000 but not over $400,000	$ plus 10.55% of excess over $200,000
Over $400,000	$ plus 13.55% of excess over $400,000.

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

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

If the taxable income is:	The tax shall be:
Not over $3,000	1.40% of taxable income
Over $3,000 but not over $6,000	$42.00 plus 3.20% of excess over $3,000
Over $6,000 but	$138.00 plus 5.50% of

not over $12,000	excess over $6,000
Over $12,000 but not over $18,000	$468.00 plus 6.40% of excess over $12,000
Over $18,000 but not over $24,000	$852.00 plus 6.80% of excess over $18,000
Over $24,000 but not over $30,000	$1,260.00 plus 7.20% of excess over $24,000
Over $30,000 but not over $45,000	$1,692.00 plus 7.60% of excess over $30,000
Over $45,000 but not over $60,000	$2,832.00 plus 7.90% of excess over $45,000
Over $60,000	$4,017.00 plus 8.25% of excess over $60,000.

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

If the taxable income is:	The tax shall be:
Not over $3,600	1.40% of taxable income
Over $3,600 but not over $7,200	$50.00 plus 3.20% of excess over $3,600
Over $7,200 but not over $14,400	$166.00 plus 5.50% of excess over $7,200
Over $14,400 but	$562.00 plus 6.40% of

not over $21,600	excess over $14,400
Over $21,600 but not over $28,800	$1,022.00 plus 6.80% of excess over $21,600
Over $28,800 but not over $36,000	$1,512.00 plus 7.20% of excess over $28,800
Over $36,000 but not over $54,000	$2,030.00 plus 7.60% of excess over $36,000
Over $54,000 but not over $72,000	$3,398.00 plus 7.90% of excess over $54,000
Over $72,000	$4,820.00 plus 8.25% of excess over $72,000.

In the case of any taxable year beginning after December 31, 2008:

If the taxable income is:	The tax shall be:
Not over $3,600	1.40% of taxable income
Over $3,600 but not over $7,200	$50.00 plus 3.20% of excess over $3,600
Over $7,200 but not over $14,400	$166.00 plus 5.50% of excess over $7,200
Over $14,400 but not over $21,600	$562.00 plus 6.40% of excess over $14,400
Over $21,600 but	$1,022.00 plus 6.80% of

not over $28,800	excess over $21,600
Over $28,800 but not over $36,000	$1,512.00 plus 7.20% of excess over $28,800
Over $36,000 but not over $54,000	$2,030.00 plus 7.60% of excess over $36,000
Over $54,000 but not over $72,000	$3,398.00 plus 7.90% of excess over $54,000
Over $72,000 but not over $225,000	$4,820.00 plus 8.25% of excess over $72,000
Over $225,000 but not over $262,500	$17,443.00 plus 9.00% of excess over $225,000
Over $262,500 but not over $300,000	$20,818.00 plus 10.00% of excess over $262,500
Over $300,000	$24,568.00 plus 11.00% of excess over $300,000.

In the case of any taxable year beginning after December 31, 2009:

If the taxable income is:	The tax shall be:
Not over $3,600	1.40% of taxable income
Over $3,600 but not over $7,200	$50.00 plus 3.20% of excess over $3,600
Over $7,200 but	$166.00 plus 5.50% of

not over $14,400	excess over $7,200
Over $14,400 but	$562.00 plus 6.40% of
not over $21,600	excess over $14,400
Over $21,600 but	$1,022.00 plus 6.80% of
not over $28,800	excess over $21,600
Over $28,800 but	$1,512.00 plus 7.20% of
not over $36,000	excess over $28,800
Over $36,000 but	$2,030.00 plus 7.60% of
not over $54,000	excess over $36,000
Over $54,000 but	$3,398.00 plus 7.90% of
not over $72,000	excess over $54,000
Over $72,000 but	$4,820.00 plus 8.25% of
not over $96,000	excess over $72,000
Over $96,000 but	$6,427.00 plus 8.25% of
not over $200,000	excess over $96,000
Over $200,000 but	$ plus 10.55% of
not over $400,000	excess over $200,000
Over $400,000	$ plus 13.55% of
	excess over $400,000.

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

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

If the taxable income is:	The tax shall be:
Not over $2,000	1.40% of taxable income
Over $2,000 but not over $4,000	$28.00 plus 3.20% of excess over $2,000
Over $4,000 but not over $8,000	$92.00 plus 5.50% of excess over $4,000
Over $8,000 but not over $12,000	$312.00 plus 6.40% of excess over $8,000
Over $12,000 but not over $16,000	$568.00 plus 6.80% of excess over $12,000
Over $16,000 but not over $20,000	$840.00 plus 7.20% of excess over $16,000
Over $20,000 but not over $30,000	$1,128.00 plus 7.60% of excess over $20,000
Over $30,000 but not over $40,000	$1,888.00 plus 7.90% of excess over $30,000
Over $40,000	$2,678.00 plus 8.25% of

excess over $40,000.

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

If the taxable income is:	The tax shall be:
Not over $2,400	1.40% of taxable income
Over $2,400 but not over $4,800	$34.00 plus 3.20% of excess over $2,400
Over $4,800 but not over $9,600	$110.00 plus 5.50% of excess over $4,800
Over $9,600 but not over $14,400	$374.00 plus 6.40% of excess over $9,600
Over $14,400 but not over $19,200	$682.00 plus 6.80% of excess over $14,400
Over $19,200 but not over $24,000	$1,008.00 plus 7.20% of excess over $19,200
Over $24,000 but not over $36,000	$1,354.00 plus 7.60% of excess over $24,000
Over $36,000 but not over $48,000	$2,266.00 plus 7.90% of excess over $36,000
Over $48,000	$3,214.00 plus 8.25% of excess over $48,000.

In the case of any taxable year beginning after December 31, 2008:

If the taxable income is:	The tax shall be:
Not over $2,400	1.40% of taxable income
Over $2,400 but not over $4,800	$34.00 plus 3.20% of excess over $2,400
Over $4,800 but not over $9,600	$110.00 plus 5.50% of excess over $4,800
Over $9,600 but not over $14,400	$374.00 plus 6.40% of excess over $9,600
Over $14,400 but not over $19,200	$682.00 plus 6.80% of excess over $14,400
Over $19,200 but not over $24,000	$1,008.00 plus 7.20% of excess over $19,200
Over $24,000 but not over $36,000	$1,354.00 plus 7.60% of excess over $24,000
Over $36,000 but not over $48,000	$2,266.00 plus 7.90% of excess over $36,000
Over $48,000 but not over $150,000	$3,214.00 plus 8.25% of excess over $48,000
Over $150,000 but not over $175,000	$11,629.00 plus 9.00% of excess over $150,000

Over $175,000 but not over $200,000	$13,879.00 plus 10.00% of excess over $175,000
Over $200,000	$16,379.00 plus 11.00% of excess over $200,000.

In the case of any taxable year beginning after December 31, 2009:

If the taxable income is:	The tax shall be:
Not over $2,400	1.40% of taxable income
Over $2,400 but not over $4,800	$34.00 plus 3.20% of excess over $2,400
Over $4,800 but not over $9,600	$110.00 plus 5.50% of excess over $4,800
Over $9,600 but not over $14,400	$374.00 plus 6.40% of excess over $9,600
Over $14,400 but not over $19,200	$682.00 plus 6.80% of excess over $14,400
Over $19,200 but not over $24,000	$1,008.00 plus 7.20% of excess over $19,200
Over $24,000 but not over $36,000	$1,354.00 plus 7.60% of excess over $24,000
Over $36,000 but not over $48,000	$2,266.00 plus 7.90% of excess over $36,000

Over $48,000 but not over $200,000	$3,214.00 plus 8.25% of excess over $48,000
Over $200,000 but not over $400,000	$ plus 11% of excess over $200,000
Over $400,000	$ plus 13.55% of excess over $400,000.

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

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

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

Over $20,000 but not over $30,000	$1,128.00 plus 7.60% of excess over $20,000
Over $30,000 but not over $40,000	$1,888.00 plus 7.90% of excess over $30,000
Over $40,000	$2,678.00 plus 8.25% of excess over $40,000.

In the case of any taxable year beginning after December 31, 2009:

If the taxable income is:	The tax shall be:
Not over $2,000	1.40% of taxable income
Over $2,000 but not over $4,000	$28.00 plus 3.20% of excess over $2,000
Over $4,000 but not over $8,000	$92.00 plus 5.50% of excess over $4,000
Over $8,000 but not over $12,000	$312.00 plus 6.40% of excess over $8,000
Over $12,000 but not over $16,000	$568.00 plus 6.80% of excess over $12,000
Over $16,000 but not over $20,000	$840.00 plus 7.20% of excess over $16,000
Over $20,000 but not over $30,000	$1,128.00 plus 7.60% of excess over $20,000

Over $30,000 but not over $40,000	$1,888.00 plus 7.90% of excess over $30,000
Over $40,000 but not over $200,000	$2,678.00 plus 8.25% of excess over $40,000
Over $200,000 but not over $400,000	$ plus 10.55% of excess over $200,000
Over $400,000	$ plus 13.55% of excess over $400,000."

PART III

SECTION 4. The purpose of this part is to close corporate tax loopholes to provide a viable means of restoring funding for education and other high need and high priority programs.

SECTION 5. Section 235-7, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

"(d) (1) For taxable years ending before January 1, 1967, the net operating loss deductions allowed as carrybacks and carryovers by the Internal Revenue Code shall not be allowed. In lieu thereof the net operating loss deduction shall consist of the excess of the deductions allowed by this chapter over the gross income, computed with the modifications specified in paragraphs (1) to (4) of section 172(d) of the Internal Revenue Code, and with the further modification stated in paragraph (3) hereof; and shall be allowed as a deduction in computing the taxable income of the taxpayer for the succeeding taxable year;

(2) (A) With respect to net operating loss deductions resulting from net operating losses for taxable years ending after December 31, 1966, the net operating loss deduction provisions of the Internal Revenue Code shall apply; provided that there shall be no net operating loss deduction carried back to any taxable year ending prior to January 1, 1967;

(B) In the case of a taxable year beginning in 1966 and ending in 1967, the entire amount of all net operating loss deductions carried back to the taxable year shall be limited to that portion of taxable income for such taxable year which the number of days in 1967 bears to the total days in the taxable year ending in 1967; and

(C) The computation of any net operating loss deduction for a taxable year covered by this subsection shall require the further modifications stated in paragraphs (3), (4), and (5) of this subsection;

(3) In computing the net operating loss deduction allowed by this subsection, there shall be included in gross income the amount of interest which is excluded from gross income by subsection (a), decreased by the amount of interest paid or accrued which is disallowed as a deduction by subsection (e). In determining the amount of the net operating loss deduction under this subsection of any corporation, there shall be disregarded the net operating loss of such corporation for any taxable year for which the corporation is an electing small business corporation;

(4) No net operating loss carryback or carryover shall be allowed by this chapter if not allowed under section 172 of the Internal Revenue Code; <u>provided that, notwithstanding any other law to the contrary, no net operating loss carryback or carryover shall be allowed after December 31, 2010;</u>

(5) The election to relinquish the entire carryback period with respect to a net operating loss allowed under

section 172(b)(3)(C) of the Internal Revenue Code shall be operative for the purposes of this chapter; provided that no taxpayer shall make such an election as to a net operating loss of a business where such net operating loss occurred in the taxpayer's business prior to the taxpayer entering business in this State; and

(6) The five-year carryback period for net operating losses for any taxable year ending during 2001 and 2002 in section 172(b)(1)(H) of the Internal Revenue Code shall not be operative for purposes of this chapter."

SECTION 6. Section 235-71, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) A tax at the rates herein provided shall be assessed, levied, collected, and paid for each taxable year on the taxable income of every corporation, including a corporation carrying on business in partnership, except that in the case of a regulated investment company the tax is as provided by subsection (b) and further that in the case of a real estate investment trust as defined in section 856 of the Internal Revenue Code of 1954 the tax is as provided in subsection (d). "Corporation" includes any professional corporation incorporated pursuant to chapter 415A.

The tax on all taxable income shall be at the rate of 4.4 per cent if the taxable income is not over $25,000, 5.4 per cent if over $25,000 but not over $100,000, and on all over $100,000, 6.4 per cent[~~.~~]; provided that after December 31, 2010, no tax under this part shall be assessed for less than $250."

SECTION 7. Section 235-125, Hawaii Revised Statutes, is amended by amending its title and subsection (a) to read as follows:

"[~~[~~]§235-125[~~]~~] **Carryforwards and carrybacks; loss limitation[~~.~~]; prohibition.** (a) Carryforwards and carrybacks to and from taxable periods of an S corporation shall be restricted in the manner provided in section 1371(b) of the Internal Revenue Code.

Notwithstanding any other law to the contrary, carrybacks for an S corporation are prohibited under this chapter after December 31, 2010."

SECTION 8. The Hawaii Revised Statutes is amended to adopt the multistate tax commission's proposed combined reporting definition.

PART IV

SECTION 9. The purpose of this part is to tax capital gains at earned income tax rates.

SECTION 10. Section 235-51, Hawaii Revised Statutes, is amended by amending subsection (f) to read as follows:

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

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

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

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

(2) A tax of 7.25 per cent of the amount of taxable income in excess of the amount determined under paragraph (1)[~~.~~];

provided that after December 31, 2010, all capital gains shall be taxed according to the tax filing status and tax bracket under subsections (a) through (d) that applies to the taxpayer.

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

PART V

SECTION 11. The purpose of this part is to enhance public disclosure to:

(1) Increase school capacity and accountability by improving the adequacy and equity of school funding in the State; and

(2) Promote school success by improving the foundation provided by the economy and tax structure of the State.

SECTION 12. The department of education shall conduct a study, supported by statistical information and a sound methodology, by June 30 in every even-numbered year, on the adequacy and equity of school funding in the State and the extent that adequacy and equity have increased or declined over the previous two years. The study shall include an analysis of the factors contributing to inadequacy and inequity. The department shall publish the data on which the study is based and report its findings and recommendations to the legislature no later than twenty days prior to the convening of every odd numbered year regular session.

SECTION 13. The department of taxation shall conduct a study, supported by statistical information and a sound methodology, by June 30 in every odd-numbered year, on the equity and progressivity of state and local taxes, including:

(1) An analyses of the equity and progressivity of types of tax and the level of government that levies the tax;

(2) An analyses of the aggregate impact of taxes on taxpayers, grouped by quintile according to income or property ownership, as appropriate, expressed as a per cent of the aggregate income or property holdings of that group; and

(3) The data used to determine the equity and progressivity of state and county taxes.

The study shall also include other indicators and analyses of equity and progressivity as the department deems appropriate. The department shall report its findings and recommendations to the legislature no later than twenty days prior to the convening of every even numbered year regular session.

SECTION 14. The department of taxation shall conduct an annual study on tax expenditures related to business tax incentives and abatements, including explicit information about the individuals or entities that receive business tax incentives or abatements, amounting to, or projected to amount to, over

$2,000,000 in any five-year period. The department shall include the source and nature of the tax incentive or abatement in each case in its study.

The department shall report its findings and recommendations to the legislature no later than twenty days prior to the convening of every regular session.

SECTION 15. (a) There is hereby created a state tax structure, economic development, and funding for schools commission, that shall be an independent agency of state government that shall be administratively attached to the department of business, economic development and tourism. The commission shall exercise the following powers and duties:

(1) Oversee the design and data analyses of studies with respect to:

(A) Adequacy and equity in school funding;

(B) Equity and progressivity of state and county taxes; and

(C) Existing and prospective tax expenditures related to business tax incentives and abatements and their impact on state and local economies;

(2) Publish the studies under sections 14 and 15 of this Act and any other additional reports on:

(A) Equity and progressivity of state and local taxes; and

(B) Business tax incentives and abatements, as the commission shall deem appropriate; and

(3) Disclose and publish information relevant to any proposed tax incentives or abatements in a timely manner, in proceedings of state or local governments or otherwise, including analyses of the impact of any proposed changes in tax laws or rules on:

(A) Adequacy and equity of school funding; and

(B) The equity and progressivity of state and county tax structures.

(b) The commission shall be composed of nine members, consisting of three public school educators, three community leaders, and three parents of public school students; provided that not more than five members shall be affiliated with the same political party. Members shall not receive any salary but shall be compensated for necessary expenses.

(c) The governor, with the advice and consent of the senate, shall appoint the members of the commission pursuant to section 26-34. At least two members shall have been admitted to professional practice as an attorney or accountant in the State and shall have, for a total of six years preceding their appointments, engaged in the practice of state and county tax law or accountancy in this State.

(d) The term of commissioners shall be for six years, commencing on the fifteenth day of February and ending on the fourteenth day of February. Each member shall hold office from the date of an appointment until the end of the term for which the member was appointed. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed, shall hold office for the remainder of the unexpired term.

(e) Any member may continue in office subsequent to the expiration date of the member's term until the member's successor takes office, or until a period of sixty days has elapsed, whichever occurs first.

(f) The commission may appoint staff necessary to effectuate the purposes of this part. Each employee of the commission shall not hold any position of trust or profit or engage in any occupation, employment, or business interfering with or inconsistent with the employee's duty. No member or employee shall serve on or under any committee of any political party.

PART VI

SECTION 16. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 17. This Act shall take effect on July 1, 2010; provided that:

(1) Part II of this Act shall apply to taxable years beginning after December 31, 2009;

(2) Parts III and IV of this Act shall apply to taxable years beginning after December 31, 2010; and

(3) Amendments made to section 235-51(a),(b), and (c), Hawaii Revised Statutes, under this Act shall not be repealed when that section is reenacted on December 31, 2015, pursuant to Act 60, Session Laws of Hawaii 2009.

INTRODUCED BY: ____________________
by request

S.B. NO. 2922

Report Title:
Income Tax; Corporate Tax Exemptions; Capital Gains Tax; Tax Reform Commission

Description:
Creates higher income tax brackets and rates for high-income individual taxpayers. Eliminates certain corporate tax exemptions. Provides for taxation of capital gains as ordinary income. Creates commission to provide a more equitable and progressive tax system. Also provides a means to fund public education and other high priority programs.

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