A BILL FOR AN ACT

RELATING TO EARNED INCOME TAX CREDIT.

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

- 1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
- 2 amended by adding a new section to be appropriately designated
- 3 and to read as follows:
- 4 "\$235- Earned income tax credit. (a) Each resident
- 5 individual taxpayer who files an individual income tax return
- 6 for a taxable year and who is not claimed or is not otherwise
- 7 eligible to be claimed as a dependent by another taxpayer for
- 8 income tax purposes may claim a nonrefundable earned income tax
- 9 credit. The tax credit, for the appropriate taxable year, shall
- 10 be equal to twenty per cent of the earned income credit allowed
- 11 under Section 32 of the Internal Revenue Code and reported as
- 12 such on the resident individual's federal income tax return.
- (b) In the case of a part-year resident, the tax credit
- 14 shall equal the amount of the tax credit calculated in
- 15 subsection (a) multiplied by the ratio of adjusted gross income
- 16 attributed to this State to the entire adjusted gross income
- 17 computed without regard to source in the State pursuant to
- **18** section 235-5.

HB HMS 2012-1304

1

H.B. NO. 2678

1	(c) For purposes of claiming the tax credit allowed by				
2	this section, a resident individual taxpayer shall use the same				
3	filing status (i.e., "married filing jointly", "head of				
4	household", "qualifying widow(er)", or "single") on the				
5	taxpayer's Hawaii tax return as used on the taxpayer's federal				
6	return for the taxable year. In the case of a husband and wife				
7	filing separately, the credit allowed may be applied against the				
8	tax of either, or divided between them, as they elect.				
9	If the tax credit under this section exceeds the taxpayer's				
10	income tax liability, the excess of tax credit over liability				
11	may be used as a credit against the taxpayer's income tax				
12	liability in subsequent years until exhausted.				
13	All claims including any amended claims for a tax credit				
14	under this section shall be filed on or before the end of the				
15	twelfth month following the close of the taxable year for which				
16	the tax credit may be claimed; provided that failure to comply				
17	shall constitute a waiver of the right to claim the tax credit.				
18	(d) The director of taxation:				
19	(1) Shall prepare such forms as may be necessary to claim				
20	a tax credit under this section;				
21	(2) May require proof of the claim for the tay credit.				

H.B. NO. 2618

1	(3)	Shall	l alert eligible taxpayers of the tax credit using	
2		appropriate and available data;		
3	(4)	Shall	prepare an annual report containing:	
4		<u>(A)</u>	The number of credits granted pursuant to this	
5			section for the prior calendar year;	
6		(B)	The total amount of credits granted pursuant to	
7			this section; and	
8		<u>(C)</u>	The average value of the credits granted pursuant	
9			to this section to taxpayers whose earned income	
10	•		falls within various income ranges; and	
11	<u>(5)</u>	May a	adopt rules pursuant to chapter 91 to effectuate	
12		this	section."	
13 -	SECTION 2. New statutory material is underscored.			
14	SECT	ION 3.	This Act shall take effect upon its approval	
15	and shall	apply	to taxable years beginning after December 31,	
16	2012.			
17				
			THEROPICED BY. BOWN. BY.	

JAN 2 4 2012

нв нмs 2012-1304

H.B. NO. 2618

Report Title:

Earned Income Tax Credit

Description:

Establishes a state earned income tax credit for taxable years beginning after December 31, 2012.

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