
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Income inequality is rapidly growing in the
2 United States and Hawaii. On average, the poorest Hawaii
3 taxpayers pay thirteen cents on every dollar in income taxes.
4 Those earning more than \$400,000 per year pay closer to eight
5 cents on every dollar. In Hawaii, low-income families feel the
6 repercussions of this inequality more strongly than almost
7 anywhere else. Hawaii's low-income tax payers pay higher taxes
8 than similarly situated individuals in all but three other
9 states. This effect is especially felt by low-income families
10 with children who, by comparison, face the second-highest
11 effective tax burden in the nation.

12 The purpose of this Act is to reduce income inequality in
13 Hawaii and reduce the tax burden on working families living at
14 or below the poverty line by:

15 (1) Increasing the income tax credit amounts for the
16 refundable food/excise tax credit and the low-income
17 household renters tax credit;



- 1 (2) Amending gross income thresholds for households
2 qualifying for the low-income household renters
3 credit; and
- 4 (3) Rebalancing this increase in income tax credits for
5 low-income households by extending the elevated tax
6 brackets for high-income earners for an additional
7 five years.

8 SECTION 2. Section 235-55.7, Hawaii Revised Statutes, is
9 amended by amending subsection (c) to read as follows:

- 10 "(c) Each [~~taxpayer~~]:
- 11 (1) Taxpayer with an adjusted gross income of less than
12 \$30,000;
- 13 (2) Each married couple filing a joint return with an
14 adjusted gross income of less than \$60,000;
- 15 (3) Each married couple filing separate returns, if a
16 joint return could have been filed with an adjusted
17 gross income of less than \$60,000;
- 18 (4) Head of a household with an adjusted gross income of
19 less than \$60,000, or
- 20 (5) Qualifying widow or widower with an adjusted gross
21 income of less than \$60,000,



1 who has paid more than \$1,000 in rent during the taxable year
 2 for which the credit is claimed may claim a tax credit of [~~\$50~~
 3 \$75 multiplied by the number of qualified exemptions to which
 4 the taxpayer is entitled; provided each taxpayer sixty-five
 5 years of age or over may claim double the tax credit; and
 6 provided that a resident individual who has no income or no
 7 income taxable under this chapter may also claim the tax credit
 8 as set forth in this section."

9 SECTION 3. Section 235-55.85, Hawaii Revised Statutes, is
 10 amended by amending subsection (b) to read as follows:

11 "(b) Each resident individual taxpayer may claim a
 12 refundable food/excise tax credit multiplied by the number of
 13 qualified exemptions to which the taxpayer is entitled in
 14 accordance with the table below; provided that a husband and
 15 wife filing separate tax returns for a taxable year for which a
 16 joint return could have been filed by them shall claim only the
 17 tax credit to which they would have been entitled had a joint
 18 return been filed.

19 Adjusted gross income	Credit per exemption
20 Under \$5,000	[\$85] \$ _____
21 \$5,000 under \$10,000	[75] _____



1	\$10,000 under \$15,000	[65]	_____
2	\$15,000 under \$20,000	[55]	_____
3	\$20,000 under \$30,000	[45]	_____
4	\$30,000 under \$40,000	[35]	_____
5	\$40,000 under \$50,000	[25]	_____
6	\$50,000 and over		0"

7 SECTION 4. Section 6 of Act 60, Session Laws of Hawaii
8 2009, as amended by section 4 of Act 97, Session Laws of Hawaii
9 2011, is amended to read as follows:

10 "SECTION 6. This Act shall take effect upon approval;
11 provided that:

- 12 (1) Section 2 shall apply to taxable years beginning after
13 December 31, 2008;
- 14 (2) Sections 1 and 3 shall apply to taxable years
15 beginning after December 31, 2012; and
- 16 (3) On December 31, [~~2015~~] 2020, section 2 shall be
17 repealed and section 235-51(a), (b), and (c), Hawaii
18 Revised Statutes, shall be reenacted in the form in
19 which it read on the day before the effective date of
20 this Act."



1 SECTION 5. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 6. This Act shall take effect upon its approval;
4 provided that sections 2 and 3 shall apply to taxable years
5 beginning after December 31, 2014.



Report Title:

Income Tax; Refundable Food/Excise Tax Credit; Low-income Household Renters Credit; Taxation

Description:

Extends the high-earner income tax brackets established pursuant to Act 60, Session Laws of Hawaii 2009 by an additional five years. Raises the income tax credits provided to low-income households by the refundable food/excise tax credit and low-income household renters credit. Amends gross income thresholds for households qualifying for the low-income household renters credit. (HB886 HD1)

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