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## A BILL FOR AN ACT

RELATING TO FAIR TAXATION.

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

1       SECTION 1. The legislature finds that income inequality  
2       disproportionately affects low-income residents by limiting  
3       their opportunities for economic advancement. Hawaii residents  
4       living in poverty pay more in state taxes than all but three  
5       other states, and the tax rate for low and moderate income  
6       households is among the highest in the nation.

7       According to the study "Who Pays: A Distribution Analysis  
8       of Tax Systems in All 50 States, Fifth Edition" (Institute of  
9       Taxation & Economic Policy, January 2015), Hawaii households  
10      with income in the lowest twenty per cent spend 13.4 per cent of  
11      their income on taxes, while Hawaii households with income in  
12      the top one per cent pay only seven per cent of their income on  
13      taxes, after factoring in major state and local taxes, including  
14      personal and corporate income taxes, property taxes, and sales  
15      and excise taxes.

16      The legislature also finds that, in order to achieve fair  
17      taxation, all taxes need to be considered. Higher income tax



1 brackets are currently not in parity with low income tax  
2 brackets.

3 The purpose of this Act is to change income tax rates for  
4 taxable years beginning after December 31, 2015, to establish  
5 greater income equality for Hawaii residents.

6 SECTION 2. Section 235-51, Hawaii Revised Statutes, is  
7 amended by amending subsections (a), (b), and (c) to read as  
8 follows:

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

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

15	If the taxable income is:	The tax shall be:
16	Not over \$4,000	1.40% of taxable income
17	Over \$4,000 but	\$56.00 plus 3.20% of
18	not over \$8,000	excess over \$4,000
19	Over \$8,000 but	\$184.00 plus 5.50% of
20	not over \$16,000	excess over \$8,000
21	Over \$16,000 but	\$624.00 plus 6.40% of



1	not over \$24,000	excess over \$16,000
2	Over \$24,000 but	\$1,136.00 plus 6.80% of
3	not over \$32,000	excess over \$24,000
4	Over \$32,000 but	\$1,680.00 plus 7.20% of
5	not over \$40,000	excess over \$32,000
6	Over \$40,000 but	\$2,256.00 plus 7.60% of
7	not over \$60,000	excess over \$40,000
8	Over \$60,000 but	\$3,776.00 plus 7.90% of
9	not over \$80,000	excess over \$60,000
10	Over \$80,000	\$5,356.00 plus 8.25% of
11		excess over \$80,000.

12 In the case of any taxable year beginning after

13 December 31, 2006:

14	If the taxable income is:	The tax shall be:
15	Not over \$4,800	1.40% of taxable income
16	Over \$4,800 but	\$67.00 plus 3.20% of
17	not over \$9,600	excess over \$4,800
18	Over \$9,600 but	\$221.00 plus 5.50% of
19	not over \$19,200	excess over \$9,600
20	Over \$19,200 but	\$749.00 plus 6.40% of
21	not over \$28,800	excess over \$19,200



1	Over \$28,800 but	\$1,363.00 plus 6.80% of
2	not over \$38,400	excess over \$28,800
3	Over \$38,400 but	\$2,016.00 plus 7.20% of
4	not over \$48,000	excess over \$38,400
5	Over \$48,000 but	\$2,707.00 plus 7.60% of
6	not over \$72,000	excess over \$48,000
7	Over \$72,000 but	\$4,531.00 plus 7.90% of
8	not over \$96,000	excess over \$72,000
9	Over \$96,000	\$6,427.00 plus 8.25% of
10		excess over \$96,000.

11 In the case of any taxable year beginning after December  
12 31, 2008:

13	If the taxable income is:	The tax shall be:
14	Not over \$4,800	1.40% of taxable income
15	Over \$4,800 but	\$67.00 plus 3.20% of
16	not over \$9,600	excess over \$4,800
17	Over \$9,600 but	\$221.00 plus 5.50% of
18	not over \$19,200	excess over \$9,600
19	Over \$19,200 but	\$749.00 plus 6.40% of
20	not over \$28,800	excess over \$19,200
21	Over \$28,800 but	\$1,363.00 plus 6.80% of



1	not over \$38,400	excess over \$28,800
2	Over \$38,400 but	\$2,016.00 plus 7.20% of
3	not over \$48,000	excess over \$38,400
4	Over \$48,000 but	\$2,707.00 plus 7.60% of
5	not over \$72,000	excess over \$48,000
6	Over \$72,000 but	\$4,531.00 plus 7.90% of
7	not over \$96,000	excess over \$72,000
8	Over \$96,000 but	\$6,427.00 plus 8.25% of
9	not over \$300,000	excess over \$96,000
10	Over \$300,000 but	\$23,257.00 plus 9.00% of
11	not over \$350,000	excess over \$300,000
12	Over \$350,000 but	\$27,757.00 plus 10.00% of
13	not over \$400,000	excess over \$350,000
14	Over \$400,000	\$32,757.00 plus 11.00% of
15		excess over \$400,000.

16 In the case of any taxable year beginning after December  
 17 31, 2015:

18	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
19	<u>Not over \$28,800</u>	<u>6.70% of taxable income</u>
20	<u>Over \$28,800 but</u>	<u>\$1,930.00 plus 7.10% of</u>
21	<u>not over \$48,000</u>	<u>excess over \$28,800</u>



1	<u>Over \$48,000 but</u>	<u>\$3,293.00 plus 7.50% of</u>
2	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
3	<u>Over \$72,000 but</u>	<u>\$5,093.00 plus 7.90% of</u>
4	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
5	<u>Over \$96,000 but</u>	<u>\$6,989.00 plus 8.25% of</u>
6	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
7	<u>Over \$300,000 but</u>	<u>\$23,819.00 plus 11.00% of</u>
8	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
9	<u>Over \$350,000 but</u>	<u>\$29,319.00 plus 13.00% of</u>
10	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
11	<u>Over \$400,000</u>	<u>\$35,819.00 plus 15.00% of</u>
12		<u>excess over \$400,000.</u>

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

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

18	If the taxable income is:	The tax shall be:
19	Not over \$3,000	1.40% of taxable income
20	Over \$3,000 but	\$42.00 plus 3.20% of
21	not over \$6,000	excess over \$3,000



1	Over \$6,000 but	\$138.00 plus 5.50% of
2	not over \$12,000	excess over \$6,000
3	Over \$12,000 but	\$468.00 plus 6.40% of
4	not over \$18,000	excess over \$12,000
5	Over \$18,000 but	\$852.00 plus 6.80% of
6	not over \$24,000	excess over \$18,000
7	Over \$24,000 but	\$1,260.00 plus 7.20% of
8	not over \$30,000	excess over \$24,000
9	Over \$30,000 but	\$1,692.00 plus 7.60% of
10	not over \$45,000	excess over \$30,000
11	Over \$45,000 but	\$2,832.00 plus 7.90% of
12	not over \$60,000	excess over \$45,000
13	Over \$60,000	\$4,017.00 plus 8.25% of
14		excess over \$60,000.

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

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



1	not over \$14,400	excess over \$7,200
2	Over \$14,400 but	\$562.00 plus 6.40% of
3	not over \$21,600	excess over \$14,400
4	Over \$21,600 but	\$1,022.00 plus 6.80% of
5	not over \$28,800	excess over \$21,600
6	Over \$28,800 but	\$1,512.00 plus 7.20% of
7	not over \$36,000	excess over \$28,800
8	Over \$36,000 but	\$2,030.00 plus 7.60% of
9	not over \$54,000	excess over \$36,000
10	Over \$54,000 but	\$3,398.00 plus 7.90% of
11	not over \$72,000	excess over \$54,000
12	Over \$72,000	\$4,820.00 plus 8.25% of
13		excess over \$72,000.

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

16	If the taxable income is:	The tax shall be:
17	Not over \$3,600	1.40% of taxable income
18	Over \$3,600 but	\$50.00 plus 3.20% of
19	not over \$7,200	excess over \$3,600
20	Over \$7,200 but	\$166.00 plus 5.50% of
21	not over \$14,400	excess over \$7,200





1	Over \$14,400 but	\$562.00 plus 6.40% of
2	not over \$21,600	excess over \$14,400
3	Over \$21,600 but	\$1,022.00 plus 6.80% of
4	not over \$28,800	excess over \$21,600
5	Over \$28,800 but	\$1,512.00 plus 7.20% of
6	not over \$36,000	excess over \$28,800
7	Over \$36,000 but	\$2,030.00 plus 7.60% of
8	not over \$54,000	excess over \$36,000
9	Over \$54,000 but	\$3,398.00 plus 7.90% of
10	not over \$72,000	excess over \$54,000
11	Over \$72,000 but	\$4,820.00 plus 8.25% of
12	not over \$225,000	excess over \$72,000
13	Over \$225,000 but	\$17,443.00 plus 9.00% of
14	not over \$262,500	excess over \$225,000
15	Over \$262,500 but	\$20,818.00 plus 10.00% of
16	not over \$300,000	excess over \$262,500
17	Over \$300,000	\$24,568.00 plus 11.00% of
18		excess over \$300,000.

19 In the case of any taxable year beginning after  
 20 December 31, 2015:

21 If the taxable income is:      The tax shall be:



1	<u>Not over \$21,600</u>	<u>6.70% of taxable income</u>
2	<u>Over \$21,600 but</u>	<u>\$1,447.00 plus 7.10% of</u>
3	<u>not over \$36,000</u>	<u>excess over \$21,600</u>
4	<u>Over \$36,000 but</u>	<u>\$2,469.00 plus 7.50% of</u>
5	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
6	<u>Over \$54,000 but</u>	<u>\$3,819.00 plus 7.90% of</u>
7	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
8	<u>Over \$72,000 but</u>	<u>\$5,241.00 plus 8.25% of</u>
9	<u>not over \$225,000</u>	<u>excess over \$72,000</u>
10	<u>Over \$225,000 but</u>	<u>\$17,864.00 plus 11.00% of</u>
11	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
12	<u>Over \$262,500 but</u>	<u>\$21,989.00 plus 13.00% of</u>
13	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
14	<u>Over \$300,000</u>	<u>\$28,864.00 plus 15.00% of</u>
15		<u>excess over \$300,000.</u>

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



1 In the case of any taxable year beginning after

2 December 31, 2001:

3	If the taxable income is:	The tax shall be:
4	Not over \$2,000	1.40% of taxable income
5	Over \$2,000 but	\$28.00 plus 3.20% of
6	not over \$4,000	excess over \$2,000
7	Over \$4,000 but	\$92.00 plus 5.50% of
8	not over \$8,000	excess over \$4,000
9	Over \$8,000 but	\$312.00 plus 6.40% of
10	not over \$12,000	excess over \$8,000
11	Over \$12,000 but	\$568.00 plus 6.80% of
12	not over \$16,000	excess over \$12,000
13	Over \$16,000 but	\$840.00 plus 7.20% of
14	not over \$20,000	excess over \$16,000
15	Over \$20,000 but	\$1,128.00 plus 7.60% of
16	not over \$30,000	excess over \$20,000
17	Over \$30,000 but	\$1,888.00 plus 7.90% of
18	not over \$40,000	excess over \$30,000
19	Over \$40,000	\$2,678.00 plus 8.25% of
20		excess over \$40,000.



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

3	If the taxable income is:	The tax shall be:
4	Not over \$2,400	1.40% of taxable income
5	Over \$2,400 but	\$34.00 plus 3.20% of
6	not over \$4,800	excess over \$2,400
7	Over \$4,800 but	\$110.00 plus 5.50% of
8	not over \$9,600	excess over \$4,800
9	Over \$9,600 but	\$374.00 plus 6.40% of
10	not over \$14,400	excess over \$9,600
11	Over \$14,400 but	\$682.00 plus 6.80% of
12	not over \$19,200	excess over \$14,400
13	Over \$19,200 but	\$1,008.00 plus 7.20% of
14	not over \$24,000	excess over \$19,200
15	Over \$24,000 but	\$1,354.00 plus 7.60% of
16	not over \$36,000	excess over \$24,000
17	Over \$36,000 but	\$2,266.00 plus 7.90% of
18	not over \$48,000	excess over \$36,000
19	Over \$48,000	\$3,214.00 plus 8.25% of
20		excess over \$48,000.



1 In the case of any taxable year beginning after

2 December 31, 2008:

3	If the taxable income is:	The tax shall be:
4	Not over \$2,400	1.40% of taxable income
5	Over \$2,400 but	\$34.00 plus 3.20% of
6	not over \$4,800	excess over \$2,400
7	Over \$4,800 but	\$110.00 plus 5.50% of
8	not over \$9,600	excess over \$4,800
9	Over \$9,600 but	\$374.00 plus 6.40% of
10	not over \$14,400	excess over \$9,600
11	Over \$14,400 but	\$682.00 plus 6.80% of
12	not over \$19,200	excess over \$14,400
13	Over \$19,200 but	\$1,008.00 plus 7.20% of
14	not over \$24,000	excess over \$19,200
15	Over \$24,000 but	\$1,354.00 plus 7.60% of
16	not over \$36,000	excess over \$24,000
17	Over \$36,000 but	\$2,266.00 plus 7.90% of
18	not over \$48,000	excess over \$36,000
19	Over \$48,000 but	\$3,214.00 plus 8.25% of
20	not over \$150,000	excess over \$48,000
21	Over \$150,000 but	\$11,629.00 plus 9.00% of



1	not over \$175,000	excess over \$150,000
2	Over \$175,000 but	\$13,879.00 plus 10.00% of
3	not over \$200,000	excess over \$175,000
4	Over \$200,000	\$16,379.00 plus 11.00% of
5		excess over \$200,000.

6 In the case of any taxable year beginning after  
 7 December 31, 2015:

8	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
9	<u>Not over \$14,400</u>	<u>6.70% of taxable income</u>
10	<u>Over \$14,400 but</u>	<u>\$965.00 plus 7.10% of</u>
11	<u>not over \$24,000</u>	<u>excess over \$14,400</u>
12	<u>Over \$24,000 but</u>	<u>\$1,647.00 plus 7.50% of</u>
13	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
14	<u>Over \$36,000 but</u>	<u>\$2,547.00 plus 7.90% of</u>
15	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
16	<u>Over \$48,000 but</u>	<u>\$3,495.00 plus 8.25% of</u>
17	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
18	<u>Over \$150,000 but</u>	<u>\$11,910.00 plus 11.00% of</u>
19	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
20	<u>Over \$175,000 but</u>	<u>\$14,660.00 plus 13.00% of</u>
21	<u>not over \$200,000</u>	<u>excess over \$175,000</u>



Over \$200,000

\$17,910.00 plus 15.00% of

excess over \$200,000."

SECTION 3. New statutory material is underscored.

SECTION 4. This Act, upon its approval, shall apply to taxable years beginning after December 31, 2015; provided that the amendments made to section 235-51(a), (b), and (c), Hawaii Revised Statutes, by section 2 of this Act shall not be repealed when section 235-51(a), (b), and (c), Hawaii Revised Statutes, is reenacted on December 31, 2015, by section 6 of Act 60, Session Laws of Hawaii 2009, as amended by section 4 of Act 97, Session Laws of Hawaii 2011.

INTRODUCED BY:

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# H.B. NO. 1307

**Report Title:**

Taxation; Income Tax Rates

**Description:**

Changes income tax rates after 12/31/2015.

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