
A BILL FOR AN ACT

RELATING TO INCOME TAX.

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

1 SECTION 1. The legislature finds that Hawaii has the
2 highest per capita rate of homelessness of any state in the
3 nation. Hawaii also has the highest rate of chronic unsheltered
4 homeless per capita of any state. On January 24, 2016, 7,921
5 people were living on the streets and in shelters in Hawaii.
6 Addressing homelessness requires a multi-faceted approach.

7 In 2016, Los Angeles county in California considered a tax
8 on personal incomes above \$1,000,000 and using those revenues to
9 fund programs that reduce homelessness.

10 The purpose of this Act is to authorize the counties to
11 impose a one per cent surcharge on personal incomes above
12 \$1,000,000 and requires that those revenues be used to address
13 homelessness.

14 SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended
15 by adding a new section to part I to be appropriately designated
16 and to read as follows:



1 "§46- County surcharge on income tax. (a) Each county
2 may establish a surcharge on state income tax at the rate
3 enumerated in section 235- on qualifying taxable income. A
4 county electing to establish this surcharge shall do so by
5 ordinance; provided that no ordinance shall be adopted until the
6 county has conducted a public hearing on the proposed ordinance.
7 Notice of the public hearing required under paragraph shall be
8 published in a newspaper of general circulation within the
9 county at least twice within a period of thirty days immediately
10 preceding the date of the hearing.

11 (b) A county electing to exercise the authority granted
12 under this subsection shall notify the director of taxation
13 within ten days after the county has adopted a surcharge on
14 state income tax ordinance and, beginning no earlier than
15 January 1, 2018, the director of taxation shall levy, assess,
16 collect, and otherwise administer the county surcharge on state
17 income tax.

18 (c) Each county that adopts a county surcharge on state
19 income tax ordinance pursuant to this section shall use the
20 surcharge revenues received pursuant to this section to address
21 homelessness.



1 (d) For the purposes of this section, "qualifying taxable
2 income" has the same meaning as defined in section 235- ."

3 SECTION 3. Chapter 235, Hawaii Revised Statutes, is
4 amended by adding a new section to part III to be appropriately
5 designated and to read as follows:

6 "§235- County surcharge on state income tax;
7 administration. (a) The county surcharge on state income tax,
8 upon the adoption of county ordinances and in accordance with
9 the requirements of section 46- , shall be levied, assessed,
10 and collected as provided in this section on qualifying taxable
11 income. No county shall set the surcharge on state income tax
12 at a rate greater than one per cent of qualifying taxable
13 income. All provisions of this chapter shall apply to the
14 county surcharge on state income tax. With respect to the
15 surcharge, the director of taxation shall have all the rights
16 and powers provided under this chapter. In addition, the
17 director of taxation shall have the exclusive rights and power
18 to determine the county or counties in which a person resides,
19 in the case of a person residing in more than one county, the
20 director shall determine, through apportionment or other means,



1 that portion of the surcharge on state tax attributable to each
2 county.

3 (b) The director of taxation shall revise the income tax
4 forms to provide for the clear and separate designation of the
5 imposition and payment of the county surcharge on state income
6 tax.

7 (c) The taxpayer shall designate the taxation district to
8 which the county surcharge on state income tax is assigned in
9 accordance with rules adopted by the director of taxation under
10 chapter 91. The taxpayer shall file a schedule with the
11 taxpayer's income tax returns summarizing the amount of taxes
12 assigned to each taxation district.

13 (d) The penalties provided by section 231-39 for failure
14 to file a return shall be imposed on the amount of surcharge due
15 on the return being filed for the failure to file the schedule
16 required to accompany the return. In addition, there shall be
17 added to the tax an amount equal to ten per cent of the amount
18 of the surcharge and tax due on the return being filed for the
19 failure to file the schedule or the failure to correctly report
20 the assignment of income tax by taxation district on the
21 schedule required under this subsection.



1 (e) As used in this section, "qualifying taxable income"

2 means:

3 (1) For a taxpayer filing a single return or a married
4 person filing separately, taxable income in excess of
5 \$1,000,000;

6 (2) For a taxpayer filing as a head of household, taxable
7 income in excess of \$1,000,000; and

8 (3) For a taxpayer filing a joint return or as a surviving
9 spouse, taxable income is excess of \$1,000,000."

10 SECTION 4. New statutory material is underscored.

11 SECTION 5. This Act shall take effect upon its approval
12 and shall apply to taxable years beginning after December 31,
13 2017.

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JAN 25 2017



H.B. NO. 1575

Report Title:

Homeless; Homelessness; Income Tax

Description:

Authorizes the counties to enact a 1% income tax surcharge on taxable personal incomes above \$1,000,000 to address homelessness.

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