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# A BILL FOR AN ACT

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RELATING TO THE HAWAII PROMISE PROGRAM.

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

PART I

SECTION 1. The legislature finds that an educated populace is essential in today's global, knowledge-based economy, and is thus a matter of statewide concern. The University of Hawaii is providing funding for the education of some students through the Hawaii promise program. However, scholarships from the program are only available to students enrolled at University of Hawaii community colleges.

The legislature believes that is appropriate to make scholarships under the Hawaii promise program available to all eligible students within the University of Hawaii system. The legislature estimates that making the program widely available will cost the State approximately \$20,000,000 per year. However, the legislature also estimates that if taxes are increased for the State's highest income earners, the State will have sufficient additional revenue to fund scholarships under the program.



The purpose of this Act is to promote education by:

- (1) Making scholarships from the Hawaii promise program available to any qualified student enrolled at any campus of the University of Hawaii, regardless of whether the student is enrolled at a community college;
- (2) Establishing a trust fund for the Hawaii promise program; and
- (3) Increasing individual income taxes for taxpayers subject to the highest state taxable income brackets to provide funding for the Hawaii promise program.

PART II

SECTION 2. Chapter 304A, Hawaii Revised Statutes, is amended by adding a new section to part II, subpart B, to be appropriately designated and to read as follows:

**"§304A-A Hawaii promise program; scope. (a)**

Notwithstanding section 304A-501, the Hawaii promise program shall provide scholarships for qualified students enrolled at any campus of the University of Hawaii, regardless of whether the campus at which the student is enrolled is a community college campus.



1        (b) A student enrolled at a campus of the University of  
2        Hawaii shall be eligible for scholarship consideration based on  
3        criteria established by the University of Hawaii."

4        SECTION 3. Chapter 304A, Hawaii Revised Statutes, is  
5        amended by adding a new section to part V, subpart E, to be  
6        appropriately designated and to read as follows:

7        "§304A-B Hawaii promise program trust fund. (a) There is  
8        established the Hawaii promise program trust fund to be  
9        administered by the University of Hawaii. The trust fund shall  
10       be administered pursuant to the authority of the board of  
11       regents to grant, modify, or suspend scholarship and assistance  
12       under section 304A-501. This fund shall be used to provide  
13       financial assistance to qualified students through Hawaii  
14       promise program scholarships under section 304A-A.

15       (b) Moneys deposited into this fund shall include:

16       (1) State, federal, and private funds; and

17       (2) Income tax revenues pursuant to section 235-119(b).

18       (c) This fund is not intended to provide loans or keep  
19       track of payback provisions."



## PART III

SECTION 4. Section 235-51, Hawaii Revised Statutes, is amended by amending subsections (a), (b), and (c) to read as follows:

"(a) There is hereby imposed on the taxable income of every:

(1) Taxpayer who files a joint return under section 235-93; and

(2) 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



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

11

12 In the case of any taxable year beginning after December  
13 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

12 In the case of any taxable year beginning after December  
13 31, 2017:

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 but	\$6,427.00 plus 8.25% of
10	not over \$300,000	excess over \$96,000
11	Over \$300,000 but	\$23,257.00 plus 9.00% of
12	not over \$350,000	excess over \$300,000
13	Over \$350,000 but	\$27,757.00 plus 10.00% of
14	not over \$400,000	excess over \$350,000
15	Over \$400,000	\$32,757.00 plus 11.00% of
16		excess over \$400,000.

17

18 In the case of any taxable year beginning after December19 31, 2018:20 If the taxable income is: The tax shall be:21 Not over \$4,800 1.40% of taxable income

1	<u>Over \$4,800 but</u>	<u>\$67.00 plus 3.20% of</u>
2	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
3	<u>Over \$9,600 but</u>	<u>\$221.00 plus 5.50% of</u>
4	<u>not over \$19,200</u>	<u>excess over \$9,600</u>
5	<u>Over \$19,200 but</u>	<u>\$749.00 plus 6.40% of</u>
6	<u>not over \$28,800</u>	<u>excess over \$19,200</u>
7	<u>Over \$28,800 but</u>	<u>\$1,363.00 plus 6.80% of</u>
8	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
9	<u>Over \$38,400 but</u>	<u>\$2,016.00 plus 7.20% of</u>
10	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
11	<u>Over \$48,000 but</u>	<u>\$2,707.00 plus 7.60% of</u>
12	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
13	<u>Over \$72,000 but</u>	<u>\$4,531.00 plus 7.90% of</u>
14	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
15	<u>Over \$96,000 but</u>	<u>\$6,427.00 plus 8.25% of</u>
16	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
17	<u>Over \$300,000 but</u>	<u>\$23,257.00 plus 9.00% of</u>
18	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
19	<u>Over \$350,000 but</u>	<u>\$27,757.00 plus 10.00% of</u>
20	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
21	<u>Over \$400,000 but</u>	<u>\$32,757.00 plus 11.00% of</u>





1	<u>not over \$</u>	<u>excess over \$400,000</u>
2	<u>Over \$</u>	\$ <u>                    </u> plus <u>                    </u> % of
3		excess over \$ <u>                    </u>

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

9           In the case of any taxable year beginning after December  
10 31, 2001:

11	If the taxable income is:	The tax shall be:
12	Not over \$3,000	1.40% of taxable income
13	Over \$3,000 but	\$42.00 plus 3.20% of
14	not over \$6,000	excess over \$3,000
15	Over \$6,000 but	\$138.00 plus 5.50% of
16	not over \$12,000	excess over \$6,000
17	Over \$12,000 but	\$468.00 plus 6.40% of
18	not over \$18,000	excess over \$12,000
19	Over \$18,000 but	\$852.00 plus 6.80% of
20	not over \$24,000	excess over \$18,000
21	Over \$24,000 but	\$1,260.00 plus 7.20% of



1	not over \$30,000	excess over \$24,000
2	Over \$30,000 but	\$1,692.00 plus 7.60% of
3	not over \$45,000	excess over \$30,000
4	Over \$45,000 but	\$2,832.00 plus 7.90% of
5	not over \$60,000	excess over \$45,000
6	Over \$60,000	\$4,017.00 plus 8.25% of
7		excess over \$60,000.
8		
9	In the case of any taxable year beginning after December	
10	31, 2006:	
11	If the taxable income is:	The tax shall be:
12	Not over \$3,600	1.40% of taxable income
13	Over \$3,600 but	\$50.00 plus 3.20% of
14	not over \$7,200	excess over \$3,600
15	Over \$7,200 but	\$166.00 plus 5.50% of
16	not over \$14,400	excess over \$7,200
17	Over \$14,400 but	\$562.00 plus 6.40% of
18	not over \$21,600	excess over \$14,400
19	Over \$21,600 but	\$1,022.00 plus 6.80% of
20	not over \$28,800	excess over \$21,600
21	Over \$28,800 but	\$1,512.00 plus 7.20% of



1	not over \$36,000	excess over \$28,800
2	Over \$36,000 but	\$2,030.00 plus 7.60% of
3	not over \$54,000	excess over \$36,000
4	Over \$54,000 but	\$3,398.00 plus 7.90% of
5	not over \$72,000	excess over \$54,000
6	Over \$72,000	\$4,820.00 plus 8.25% of
7		excess over \$72,000.

8

9 In the case of any taxable year beginning after December

10 31, 2017:

11	If the taxable income is:	The tax shall be:
12	Not over \$3,600	1.40% of taxable income
13	Over \$3,600 but	\$50.00 plus 3.20% of
14	not over \$7,200	excess over \$3,600
15	Over \$7,200 but	\$166.00 plus 5.50% of
16	not over \$14,400	excess over \$7,200
17	Over \$14,400 but	\$562.00 plus 6.40% of
18	not over \$21,600	excess over \$14,400
19	Over \$21,600 but	\$1,022.00 plus 6.80% of
20	not over \$28,800	excess over \$21,600
21	Over \$28,800 but	\$1,512.00 plus 7.20% of



1	not over \$36,000	excess over \$28,800
2	Over \$36,000 but	\$2,030.00 plus 7.60% of
3	not over \$54,000	excess over \$36,000
4	Over \$54,000 but	\$3,398.00 plus 7.90% of
5	not over \$72,000	excess over \$54,000
6	Over \$72,000 but	\$4,820.00 plus 8.25% of
7	not over \$225,000	excess over \$72,000
8	Over \$225,000 but	\$17,443.00 plus 9.00% of
9	not over \$262,500	excess over \$225,000
10	Over \$262,500 but	\$20,818.00 plus 10.00% of
11	not over \$300,000	excess over \$262,500
12	Over \$300,000	\$24,568.00 plus 11.00% of
13		excess over \$300,000.

14

15 In the case of any taxable year beginning after December

16 31, 2018:

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



1	<u>not over \$14,400</u>	<u>excess over \$7,200</u>
2	<u>Over \$14,400 but</u>	<u>\$562.00 plus 6.40% of</u>
3	<u>not over \$21,600</u>	<u>excess over \$14,400</u>
4	<u>Over \$21,600 but</u>	<u>\$1,022.00 plus 6.80% of</u>
5	<u>not over \$28,800</u>	<u>excess over \$21,600</u>
6	<u>Over \$28,800 but</u>	<u>\$1,512.00 plus 7.20% of</u>
7	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
8	<u>Over \$36,000 but</u>	<u>\$2,030.00 plus 7.60% of</u>
9	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
10	<u>Over \$54,000 but</u>	<u>\$3,398.00 plus 7.90% of</u>
11	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
12	<u>Over \$72,000 but</u>	<u>\$4,820.00 plus 8.25% of</u>
13	<u>not over \$225,000</u>	<u>excess over \$72,000</u>
14	<u>Over \$225,000 but</u>	<u>\$17,443.00 plus 9.00% of</u>
15	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
16	<u>Over \$262,500 but</u>	<u>\$20,818.00 plus 10.00% of</u>
17	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
18	<u>Over \$300,000 but</u>	<u>\$24,568.00 plus 11.00% of</u>
19	<u>not over \$</u>	<u>excess over \$300,000</u>
20	<u>Over \$</u>	<u>\$ plus % of</u>
21		<u>excess over \$ .</u>



1

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

8

9 In the case of any taxable year beginning after December  
10 31, 2001:

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



1	not over \$20,000	excess over \$16,000
2	Over \$20,000 but	\$1,128.00 plus 7.60% of
3	not over \$30,000	excess over \$20,000
4	Over \$30,000 but	\$1,888.00 plus 7.90% of
5	not over \$40,000	excess over \$30,000
6	Over \$40,000	\$2,678.00 plus 8.25% of
7		excess over \$40,000.
8		
9	In the case of any taxable year beginning after December	
10	31, 2006:	
11	If the taxable income is:	The tax shall be:
12	Not over \$2,400	1.40% of taxable income
13	Over \$2,400 but	\$34.00 plus 3.20% of
14	not over \$4,800	excess over \$2,400
15	Over \$4,800 but	\$110.00 plus 5.50% of
16	not over \$9,600	excess over \$4,800
17	Over \$9,600 but	\$374.00 plus 6.40% of
18	not over \$14,400	excess over \$9,600
19	Over \$14,400 but	\$682.00 plus 6.80% of
20	not over \$19,200	excess over \$14,400
21	Over \$19,200 but	\$1,008.00 plus 7.20% of



1	not over \$24,000	excess over \$19,200
2	Over \$24,000 but	\$1,354.00 plus 7.60% of
3	not over \$36,000	excess over \$24,000
4	Over \$36,000 but	\$2,266.00 plus 7.90% of
5	not over \$48,000	excess over \$36,000
6	Over \$48,000	\$3,214.00 plus 8.25% of
7		excess over \$48,000.
8		
9	In the case of any taxable year beginning after December	
10	31, 2017:	
11	If the taxable income is:	The tax shall be:
12	Not over \$2,400	1.40% of taxable income
13	Over \$2,400 but	\$34.00 plus 3.20% of
14	not over \$4,800	excess over \$2,400
15	Over \$4,800 but	\$110.00 plus 5.50% of
16	not over \$9,600	excess over \$4,800
17	Over \$9,600 but	\$374.00 plus 6.40% of
18	not over \$14,400	excess over \$9,600
19	Over \$14,400 but	\$682.00 plus 6.80% of
20	not over \$19,200	excess over \$14,400
21	Over \$19,200 but	\$1,008.00 plus 7.20% of





1	not over \$24,000	excess over \$19,200
2	Over \$24,000 but	\$1,354.00 plus 7.60% of
3	not over \$36,000	excess over \$24,000
4	Over \$36,000 but	\$2,266.00 plus 7.90% of
5	not over \$48,000	excess over \$36,000
6	Over \$48,000 but	\$3,214.00 plus 8.25% of
7	not over \$150,000	excess over \$48,000
8	Over \$150,000 but	\$11,629.00 plus 9.00% of
9	not over \$175,000	excess over \$150,000
10	Over \$175,000 but	\$13,879.00 plus 10.00% of
11	not over \$200,000	excess over \$175,000
12	Over \$200,000	\$16,379.00 plus 11.00% of
13		excess over \$200,000.

14

15 In the case of any taxable year beginning after December

16 31, 2018:

17	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
18	<u>Not over \$2,400</u>	<u>1.40% of taxable income</u>
19	<u>Over \$2,400 but</u>	<u>\$34.00 plus 3.20% of</u>
20	<u>not over \$4,800</u>	<u>excess over \$2,400</u>
21	<u>Over \$4,800 but</u>	<u>\$110.00 plus 5.50% of</u>



1	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
2	<u>Over \$9,600 but</u>	<u>\$374.00 plus 6.40% of</u>
3	<u>not over \$14,400</u>	<u>excess over \$9,600</u>
4	<u>Over \$14,400 but</u>	<u>\$682.00 plus 6.80% of</u>
5	<u>not over \$19,200</u>	<u>excess over \$14,400</u>
6	<u>Over \$19,200 but</u>	<u>\$1,008.00 plus 7.20% of</u>
7	<u>not over \$24,000</u>	<u>excess over \$19,200</u>
8	<u>Over \$24,000 but</u>	<u>\$1,354.00 plus 7.60% of</u>
9	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
10	<u>Over \$36,000 but</u>	<u>\$2,266.00 plus 7.90% of</u>
11	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
12	<u>Over \$48,000 but</u>	<u>\$3,214.00 plus 8.25% of</u>
13	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
14	<u>Over \$150,000 but</u>	<u>\$11,629.00 plus 9.00% of</u>
15	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
16	<u>Over \$175,000 but</u>	<u>\$13,879.00 plus 10.00% of</u>
17	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
18	<u>Over \$200,000 but</u>	<u>\$16,379.00 plus 11.00% of</u>
19	<u>not over \$</u>	<u>excess over \$200,000</u>
20	<u>Over \$</u>	<u>\$ plus % of</u>
21		<u>excess over \$ ."</u>



SECTION 5. Section 235-119, Hawaii Revised Statutes, is amended to read as follows:

"§235-119 Taxes, state realizations. (a) All income taxes shall be for the use of the State and shall be paid into the state treasury at such times as the director of finance shall direct.

(b) Notwithstanding subsection (a) or any other law to the contrary, beginning on January 1, 2019, the additional revenues generated and collected from the increase in income tax rates imposed by section 4 of Act \_\_\_\_\_, Session Laws of Hawaii 2018, shall be deposited into the Hawaii promise program trust fund established under section 304A-B."

## PART IV

SECTION 6. In codifying the new sections added by sections 2 and 3 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 7. New statutory material is underscored.



1 SECTION 8. This Act shall take effect on July 1, 2018;  
2 provided that part III shall apply to taxable years beginning  
3 after December 31, 2018.

4

INTRODUCED BY:

Ch. T. D.

De Alt

al Alt

Se. Quil

JAN 24 2018



# H.B. NO. 2640

**Report Title:**

University of Hawaii; Hawaii Promise Program; Trust Fund; Income Tax Rates

**Description:**

Makes scholarships under the Hawaii promise program available to any qualified student enrolled at the University of Hawaii, regardless of whether the student is enrolled at a community college. Establishes a trust fund for the program. Increases individual income taxes for the highest income earners to provide funding for the program.

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

