
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The purpose of this Act is to reduce the burden
2 on the low- and middle-class earners in the State, help prevent
3 and reduce homelessness, and reduce the cost of living for the
4 residents of Hawaii by:

5 (1) Lowering the income tax rates for the lowest six income
6 brackets;

7 (2) Increasing the rental motor vehicle surcharge tax;

8 (3) Requiring the increased revenue in the rental motor
9 vehicle surcharge tax to be deposited into the general
10 fund to offset the lower income tax rates; and

11 (4) Increasing the refundable food/excise tax credit.

12 SECTION 2. Section 251-2, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) There is levied and shall be assessed and collected
15 each month a rental motor vehicle surcharge tax of \$7.50 a day,
16 except that after June 30, 2012, the tax shall be \$3 a day[7] and
17 after June 30, 2017, the tax shall be \$10 a day, or any portion of



1 a day that a rental motor vehicle is rented or leased. The rental
2 motor vehicle surcharge tax shall be levied upon the lessor;
3 provided that the tax shall not be levied on the lessor if:

4 (1) The lessor is renting the vehicle to replace a vehicle
5 of the lessee that is being repaired; and

6 (2) A record of the repair order for the vehicle is retained
7 either by the lessor for two years for verification
8 purposes or by a motor vehicle repair dealer for two
9 years as provided in section 437B-16."

10 SECTION 3. Section 251-5, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "§251-5 Remittances. All remittances of surcharge taxes
13 imposed under this chapter shall be made by cash, bank draft,
14 cashier's check, money order, or certificate of deposit to the
15 office of the taxation district to which the return was
16 transmitted. The department shall deposit the moneys into the
17 state treasury to the credit of the state highway fund[-];
18 provided that seventy per cent of the rental motor vehicle
19 surcharge tax revenues shall be deposited into the general fund."



SECTION 4. Section 235-51, Hawaii Revised Statutes, is amended by amending subsections (a) through (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
Over \$24,000 but not over \$32,000	\$1,136.00 plus 6.80% of excess over \$24,000
Over \$32,000 but	\$1,680.00 plus 7.20% of



1	not over \$40,000	excess over \$32,000
2	Over \$40,000 but	\$2,256.00 plus 7.60% of
3	not over \$60,000	excess over \$40,000
4	Over \$60,000 but	\$3,776.00 plus 7.90% of
5	not over \$80,000	excess over \$60,000
6	Over \$80,000	\$5,356.00 plus 8.25% of
7		excess over \$80,000.

8 In the case of any taxable year beginning after December 31,
9 2006:

10	If the taxable income is:	The tax shall be:
11	Not over \$4,800	1.40% of taxable income
12	Over \$4,800 but	\$67.00 plus 3.20% of
13	not over \$9,600	excess over \$4,800
14	Over \$9,600 but	\$221.00 plus 5.50% of
15	not over \$19,200	excess over \$9,600
16	Over \$19,200 but	\$749.00 plus 6.40% of
17	not over \$28,800	excess over \$19,200
18	Over \$28,800 but	\$1,363.00 plus 6.80% of
19	not over \$38,400	excess over \$28,800
20	Over \$38,400 but	\$2,016.00 plus 7.20% of
21	not over \$48,000	excess over \$38,400



1	Over \$48,000 but	\$2,707.00 plus 7.60% of
2	not over \$72,000	excess over \$48,000
3	Over \$72,000 but	\$4,531.00 plus 7.90% of
4	not over \$96,000	excess over \$72,000
5	Over \$96,000	\$6,427.00 plus 8.25% of
6		excess over \$96,000.

7 In the case of any taxable year beginning after December 31,
8 2017:

9	If the taxable income is:	The tax shall be:
10	Not over \$4,800	[1.40] <u>0.40%</u> of taxable
11		income
12	Over \$4,800 but	[\$67.00] <u>\$19.00</u>
13		plus [3.20] <u>2.20%</u> of
14	not over \$9,600	excess over \$4,800
15	Over \$9,600 but	[\$221.00] <u>\$125.00</u>
16		plus [5.50] <u>4.50%</u> of
17	not over \$19,200	excess over \$9,600
18	Over \$19,200 but	[\$749.00] <u>\$557.00</u>
19		plus [6.40] <u>5.40%</u> of
20	not over \$28,800	excess over \$19,200
21	Over \$28,800 but	[\$1,363.00] <u>\$1,075.00</u>



1		plus [6.80] <u>5.80%</u> of
2	not over \$38,400	excess over \$28,800
3	Over \$38,400 but	[\$2,016.00] <u>\$1,632.00</u>
4		plus [7.20] <u>6.20%</u> of
5	not over \$48,000	excess over \$38,400
6	Over \$48,000 but	[\$2,707.00] <u>\$2,227.00</u>
7		plus 7.60% of
8	not over \$72,000	excess over \$48,000
9	Over \$72,000 but	[\$4,531.00] <u>\$4,051.00</u>
10		plus 7.90% of
11	not over \$96,000	excess over \$72,000
12	Over \$96,000 but	[\$6,427.00] <u>\$5,947.00</u>
13		plus 8.25% of
14	not over \$300,000	excess over \$96,000
15	Over \$300,000 but	[\$23,257.00] <u>\$22,777.00</u>
16		plus 9.00% of
17	not over \$350,000	excess over \$300,000
18	Over \$350,000 but	[\$27,757.00] <u>\$27,277.00</u>
19		plus 10.00% of
20	not over \$400,000	excess over \$350,000
21	Over \$400,000	[\$32,757.00] <u>\$32,277.00</u>



plus 11.00% of excess
over \$400,000.

(b) There is hereby imposed on the taxable income of every head of a household 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 \$3,000	1.40% of taxable income
Over \$3,000 but not over \$6,000	\$42.00 plus 3.20% of excess over \$3,000
Over \$6,000 but not over \$12,000	\$138.00 plus 5.50% of excess over \$6,000
Over \$12,000 but not over \$18,000	\$468.00 plus 6.40% of excess over \$12,000
Over \$18,000 but not over \$24,000	\$852.00 plus 6.80% of excess over \$18,000
Over \$24,000 but not over \$30,000	\$1,260.00 plus 7.20% of excess over \$24,000
Over \$30,000 but not over \$45,000	\$1,692.00 plus 7.60% of excess over \$30,000



1	Over \$45,000 but	\$2,832.00 plus 7.90% of
2	not over \$60,000	excess over \$45,000
3	Over \$60,000	\$4,017.00 plus 8.25% of
4		excess over \$60,000.

5 In the case of any taxable year beginning after December 31,
6 2006:

7	If the taxable income is:	The tax shall be:
8	Not over \$3,600	1.40% of taxable income
9	Over \$3,600 but	\$50.00 plus 3.20% of
10	not over \$7,200	excess over \$3,600
11	Over \$7,200 but	\$166.00 plus 5.50% of
12	not over \$14,400	excess over \$7,200
13	Over \$14,400 but	\$562.00 plus 6.40% of
14	not over \$21,600	excess over \$14,400
15	Over \$21,600 but	\$1,022.00 plus 6.80% of
16	not over \$28,800	excess over \$21,600
17	Over \$28,800 but	\$1,512.00 plus 7.20% of
18	not over \$36,000	excess over \$28,800
19	Over \$36,000 but	\$2,030.00 plus 7.60% of
20	not over \$54,000	excess over \$36,000
21	Over \$54,000 but	\$3,398.00 plus 7.90% of



1 not over \$72,000 excess over \$54,000
 2 Over \$72,000 \$4,820.00 plus 8.25% of
 3 excess over \$72,000.

4 In the case of any taxable year beginning after December 31,
 5 2017:

6	If the taxable income is:	The tax shall be:
7	Not over \$3,600	[1.40] <u>0.40%</u> of taxable
8		income
9	Over \$3,600 but	[\$50.00] <u>\$14.00</u> plus
10		[3.20] <u>2.20%</u> of
11	not over \$7,200	excess over \$3,600
12	Over \$7,200 but	[\$166.00] <u>\$94.00</u> plus
13		[5.50] <u>4.50%</u> of
14	not over \$14,400	excess over \$7,200
15	Over \$14,400 but	[\$562.00] <u>\$418.00</u> plus
16		[6.40] <u>5.40%</u> of
17	not over \$21,600	excess over \$14,400
18	Over \$21,600 but	[\$1,022.00] <u>\$806.00</u> plus
19		[6.80] <u>5.80%</u> of
20	not over \$28,800	excess over \$21,600
21	Over \$28,800 but	[\$1,512.00] <u>\$1,224.00</u>



1		plus [7.20] <u>6.20%</u> of
2	not over \$36,000	excess over \$28,800
3	Over \$36,000 but	[\$2,030.00] <u>\$1,670.00</u>
4		plus 7.60% of
5	not over \$54,000	excess over \$36,000
6	Over \$54,000 but	[\$3,398.00] <u>\$3,038.00</u>
7		plus 7.90% of
8	not over \$72,000	excess over \$54,000
9	Over \$72,000 but	[\$4,820.00] <u>\$4,460.00</u>
10		plus 8.25% of
11	not over \$225,000	excess over \$72,000
12	Over \$225,000 but	[\$17,443.00] <u>\$17,083.00</u>
13		plus 9.00% of
14	not over \$262,500	excess over \$225,000
15	Over \$262,500 but	[\$20,818.00] <u>\$20,458.00</u>
16		plus 10.00% of
17	not over \$300,000	excess over \$262,500
18	Over \$300,000	[\$24,568.00] <u>\$24,208.00</u>
19		plus 11.00% of
20		excess over \$300,000.



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

7 In the case of any taxable year beginning after December 31,
8 2001:

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



1	not over \$30,000	excess over \$20,000
2	Over \$30,000 but	\$1,888.00 plus 7.90% of
3	not over \$40,000	excess over \$30,000
4	Over \$40,000	\$2,678.00 plus 8.25% of
5		excess over \$40,000.

6 In the case of any taxable year beginning after December 31,
7 2006:

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



1 Over \$36,000 but \$2,266.00 plus 7.90% of
2 not over \$48,000 excess over \$36,000
3 Over \$48,000 \$3,214.00 plus 8.25% of
4 excess over \$48,000.

5 In the case of any taxable year beginning after December 31,
6 2017:

7	If the taxable income is:	The tax shall be:
8	Not over \$2,400	[1.40] <u>0.40%</u> of taxable
9		income
10	Over \$2,400 but	[\$34.00] <u>\$10.00</u> plus
11		[3.20] <u>2.20%</u> of
12	not over \$4,800	excess over \$2,400
13	Over \$4,800 but	[\$110.00] <u>\$62.00</u> plus
14		[5.50] <u>4.50%</u> of
15	not over \$9,600	excess over \$4,800
16	Over \$9,600 but	[\$374.00] <u>\$278.00</u> plus
17		[6.40] <u>5.40%</u> of
18	not over \$14,400	excess over \$9,600
19	Over \$14,400 but	[\$682.00] <u>\$538.00</u> plus
20		[6.80] <u>5.80%</u> of
21	not over \$19,200	excess over \$14,400



1 Over \$19,200 but [~~\$1,008.00~~] \$816.00 plus
2 [7.20] 6.20% of
3 not over \$24,000 excess over \$19,200
4 Over \$24,000 but [~~\$1,354.00~~] \$1,114.00
5 plus 7.60% of
6 not over \$36,000 excess over \$24,000
7 Over \$36,000 but [~~\$2,266.00~~] \$2,026.00
8 plus 7.90% of
9 not over \$48,000 excess over \$36,000
10 Over \$48,000 but [~~\$3,214.00~~] \$2,974.00
11 plus 8.25% of
12 not over \$150,000 excess over \$48,000
13 Over \$150,000 but [~~\$11,629.00~~] \$11,389.00
14 plus 9.00% of
15 not over \$175,000 excess over \$150,000
16 Over \$175,000 but [~~\$13,879.00~~] \$13,639.00
17 plus 10.00% of
18 not over \$200,000 excess over \$175,000
19 Over \$200,000 [~~\$16,379.00~~] \$16,139.00
20 plus 11.00% of
21 excess over \$200,000."



SECTION 5. Section 235-55.85, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

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

Adjusted gross income

for taxpayers filing

a single return

Credit per exemption

Under \$5,000

~~[\$110]~~ \$220

\$5,000 under \$10,000

~~[\$100]~~ \$200

\$10,000 under \$15,000

~~[\$85]~~ \$170

\$15,000 under \$20,000

~~[\$70]~~ \$140

\$20,000 under \$30,000

~~[\$55]~~ \$110

\$30,000 and over

\$ 0.

Adjusted gross income

for heads of household,

married individuals filing



1	separate returns, and		
2	married couples filing		
3	joint returns	Credit per exemption	
4	Under \$5,000	[\$110]	<u>\$220</u>
5	\$5,000 under \$10,000	[\$100]	<u>\$200</u>
6	\$10,000 under \$15,000	[\$85]	<u>\$170</u>
7	\$15,000 under \$20,000	[\$70]	<u>\$140</u>
8	\$20,000 under \$30,000	[\$55]	<u>\$110</u>
9	\$30,000 under \$40,000	[\$45]	<u>\$90</u>
10	\$40,000 under \$50,000	[\$35]	<u>\$70</u>
11	\$50,000 and over	\$	0."

12 SECTION 6. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 7. This Act shall apply to taxable years beginning
15 after December 31, 2017.

INTRODUCED BY:

HB HMS 2018-1155-1



JAN 24 2018

H.B. NO. 2642

Report Title:

Rental Motor Vehicle Surcharge Tax; Income Tax Rates

Description:

Lowers the income tax rates for the lowest six income brackets. Increases the rental motor vehicle surcharge tax. Requires the increased revenue in the rental motor vehicle surcharge tax to be deposited into the general fund to offset the lower income tax rates. Increases the refundable food/excise tax credit.

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

