A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1	PART I			
2	SECTION 1. Section 235-55.7, Hawaii Revised Statutes, is			
3	amended by amending subsection (c) to read as follows:			
4	"(c) Each taxpayer with an adjusted gross income of less			
5	than \$30,000 who has paid more than \$1,000 in rent during the			
6	taxable year for which the credit is claimed may claim a tax			
7	credit of [\$50] \$ multiplied by the number of			
8	qualified exemptions to which the taxpayer is entitled; provided			
9	each taxpayer sixty-five years of age or over may claim double			
10	the tax credit; and provided that a resident individual who has			
11	no income or no income taxable under this chapter may also claim			
12	the tax credit as set forth in this section."			
13	PART II			
14	SECTION 2. Chapter 235, Hawaii Revised Statutes, is			
15	amended by adding a new section to part III to be appropriately			
16	designated and to read as follows:			

1	" <u>§23</u>	S- Refundable earned income tax credit. (a) Each				
2	qualifying	g individual taxpayer may claim a refundable earned				
3	income ta	x credit. The tax credit, for the appropriate taxable				
4	year, shall be twenty per cent of the federal earned income tax					
5	credit allowed and properly claimed under the Internal Revenue					
6	Code and reported as such on the individual's federal income tax					
7	return.					
8	(b) For a part-year resident, the tax credit shall equal					
9	the amount of the tax credit calculated in subsection (a)					
10	multiplied by the ratio of Hawaii adjusted gross income to					
11	federal adjusted gross income.					
12	(c) For purposes of this section, "qualifying individual					
13	taxpayer"	means a taxpayer that:				
14	(1)	Files a federal income tax return for the taxable year				
15		claiming the earned income tax credit under the				
16	Internal Revenue Code; and					
17	(2)	Files a Hawaii income tax return using the filing				
18	status used on the federal income tax return for the					
19		taxable year and claiming the same dependents claimed				
20		on the federal income tax return for the taxable year.				

Ţ	(d) The credit allowed under this section shall be claimed
2	against the net income tax liability for the taxable year. If
3	the tax credit under this section exceeds the taxpayer's income
4	tax liability, the excess of the tax credit over liability shall
5	be refunded to the taxpayer; provided that the tax credit
6	claimed by a taxpayer who has no income tax liability shall be
7	paid to the taxpayer; provided further that no refunds or
8	payment on account of the tax credit allowed by this section
9	shall be made for amounts less than \$1. All claims, including
10	amended claims, for a tax credit under this section shall be
11	filed on or before the end of the twelfth month following the
12	close of the taxable year for which the credit may be claimed.
13	Failure to comply with the foregoing provision shall constitute
14	a waiver of the right to claim the credit.
15	(e) No credit shall be allowed under this section for any
16	taxable year in the disallowance period. For purposes of this
17	subsection, the disallowance period is:
18	(1) The period of ten taxable years after the most recent
19	taxable year for which there was a final
20	administrative or judicial decision that the

1		taxpayer's claim for credit under this section was due			
2		to fraud; and			
3	(2)	The period of two taxable years after the most recent			
4		taxable year for which there was a final			
5		administrative or judicial decision disallowing the			
6		taxpayer's claim for credit.			
7	<u>(f)</u>	The director of taxation:			
8	(1)	Shall prepare any forms necessary to claim a tax			
9		credit under this section;			
10	(2)	May require proof of the claim for the tax credit;			
11	(3)	Shall alert eligible taxpayers of the tax credit using			
12		appropriate and available means;			
13	(4)	Shall prepare an annual public report to the			
14		legislature and the governor containing the:			
15		(A) Number of credits granted for the prior calendar			
16		year;			
17		(B) Total amount of the credits granted; and			
18		(C) Average value of the credits granted to taxpayers			
19		whose earned income falls within various income			
20		ranges; and			

- 1 (5) May adopt rules pursuant to chapter 91 to effectuate
- this section.
- 3 (g) This section shall apply to taxable years beginning
- 4 after December 31, 2019, but shall not apply to taxable years
- 5 beginning after December 31, 2029."
- 6 SECTION 3. Section 235-55.75, Hawaii Revised Statutes, is
- 7 amended as follows:
- 8 1. By amending its title to read:
- 9 "[{] \$235-55.75[} Earned] Nonrefundable earned income tax
- 10 credit."
- 11 2. By amending subsection (g) to read:
- "(g) This section shall apply to taxable years beginning
- 13 after December 31, 2017, but shall not apply to taxable years
- 14 beginning after December 31, [2022.] 2019."
- 15 PART III
- 16 SECTION 4. Section 235-55.85, Hawaii Revised Statutes, is
- 17 amended by amending subsection (b) to read as follows:
- "(b) Each individual taxpayer may claim a refundable
- 19 food/excise tax credit multiplied by the number of qualified
- 20 exemptions to which the taxpayer is entitled in accordance with
- 21 the table below; provided that a husband and wife filing

- 1 separate tax returns for a taxable year for which a joint return
- 2 could have been filed by them shall claim only the tax credit to
- 3 which they would have been entitled had a joint return been
- 4 filed.
- 5 Adjusted gross income
- 6 for taxpayers filing
- 7 a single return Credit per exemption
- 8 Under \$5,000 [\$110] \$
- 9 \$5,000 under \$10,000 [\$\frac{\$100}{}] \$
- 10 \$10,000 under \$15,000 [\$\\$-85] \$
- 11 \$15,000 under \$20,000 [\$\frac{\$}{70}]\$
- 12 \$20,000 under \$30,000 [\$ 55] \$
- 13 \$30,000 and over [\$\\$\ \text{0.}] \$.
- 14 Adjusted gross income
- for heads of household,
- 16 married individuals filing
- separate returns, and
- 18 married couples filing
- 19 joint returns Credit per exemption
- 20 Under \$5,000 [\$110] \$
- 21 \$5,000 under \$10,000 [\$100] \$

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1	\$10,000 under \$15,000	[\$ 85]	\$		
2	\$15,000 under \$20,000	[\$ 70]	\$		
3	\$20,000 under \$30,000	[\$ 55]	\$		
4	\$30,000 under \$40,000	[\$ 45]	\$		
5	\$40,000 under \$50,000	[\$ 35	\$		
6	\$50,000 and over	[\$0.]	<u>\$</u> ."		
7	PART IV				
8	SECTION 5. Statutory material to be repealed is bracketed				
9	and stricken. New statutory material is underscored.				
10	SECTION 6. This Act, upon its approval, shall apply to				
11	taxable years beginning after December 31, 2018; provided that				
12	part II, upon its approval, shall apply to taxable years				
13	beginning after December 31, 2019.				
14					
	INTRODUCED BY: _	Ocose	· Pom		

Report Title:

Tax Credits; Income Tax Credit for Low-income Household Renters; Earned Income Tax Credit; Refundable Food/Excise Tax Credit

Description:

Increases the allowable income tax credit for low-income household renters to an unspecified amount. Makes the earned income tax credit refundable for ten taxable years beginning after 12/31/2019. Increases the allowable amount of the refundable food/excise tax credit to an unspecified amount.

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