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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

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PART I

SECTION 1. The legislature finds that real property tax is a relatively stable income source that is easy to collect and difficult for taxpayers to avoid. Real property tax is collected whether the owner is located in the State or not, and real property taxes paid can potentially reduce the federal tax burden for taxpayers in Hawaii. However, the legislature notes that Hawaii is one of fourteen states in the nation where property taxes are not levied by the State but instead levied by the counties. Due to this, the State's share of general revenues from its own sources, which includes revenue from the State and each county, is 74.7 per cent, well above the national average of 55.2 per cent. In addition, the State's share of combined State and local government expenditures is 79.8 per cent, significantly above the national average of 43.7 per cent. Despite the stability of real property taxes as an income



1 source, Hawaii's property tax share of general revenue is  
2 12.2 per cent, well below the national average of 21.6 per cent.

3 The legislature further finds that according to a 2017  
4 report by the department of business, economic development, and  
5 tourism, it was estimated that taxpayers residing in the State  
6 contributed 67.8 per cent of real property taxes collected,  
7 while those not residing in the State contributed roughly  
8 thirty-two per cent. With real property taxes only contributing  
9 roughly twelve per cent of the entire state budget and the  
10 stability of real property taxes, there is merit in  
11 transitioning away from the State's reliance on the revenue  
12 gained from income tax and instead move toward receiving revenue  
13 from real property taxes, which will provide for a more stable  
14 source of income that would not be disrupted during a pandemic.

15 While the legislature believes that the tax burden should  
16 be shifted to real property taxes, the legislature also believes  
17 that a fair assessment of homeowner exemptions is needed to  
18 offset the burden of increasing real property taxes. The first  
19 step in this process should be to take away the portion of  
20 transient accommodations tax revenues currently allocated to the  
21 counties and instead allow each county to impose a surcharge on



1 transient accommodations tax, under certain conditions. This  
2 transition of the counties away from relying on transient  
3 accommodations taxes would encourage counties to increase  
4 property taxes. Not providing transient accommodations taxes to  
5 the counties would then allow the State to absorb a gradual  
6 reduction in individual income taxes for all tax brackets. In  
7 addition, the reduction of income tax revenue would be replaced  
8 with the portion of new revenue derived from the increase of  
9 real property tax rates that the counties would collect and then  
10 remit to the State in exchange for being able to impose a  
11 surcharge on the transient accommodations tax. Reducing income  
12 taxes and expanding property exemptions would offset the  
13 increase in real property taxes and result in a fair and  
14 balanced impact to all taxpayers and property owners and also  
15 provide financial security and stability to the State's most  
16 vulnerable working class and households who are renters.

17 The legislature believes that, over time, the approaches in  
18 this Act will have a positive impact on asset limited taxpayers  
19 who have housing challenges and income constraints. In  
20 addition, this Act provides an economic solution to help lessen  
21 the financial burden of the State and its taxpayers, improve the



1 cost of living, increase the housing supply, and provide  
2 replacement revenues to counties that adopt certain ordinances.

3 Accordingly, the purpose of this Act is to:

- 4 (1) Authorize each county to levy a county surcharge on  
5 transient accommodations tax if the county satisfies  
6 certain real property tax requirements and require  
7 each county that adopts a surcharge to remit certain  
8 real property tax revenues to the State;
- 9 (2) Repeal the allocation of transient accommodations tax  
10 revenue to the counties and make conforming  
11 amendments;
- 12 (3) Beginning January 1, 2031, require certain taxpayers  
13 who reside in a county that adopted an ordinance to  
14 establish a surcharge on transient accommodations tax  
15 to file an information return;
- 16 (4) Establish a landlord low-income tenant tax credit,  
17 residential circuit breaker tax credit, and real  
18 property tax credit for those who reside in a county  
19 that adopted an ordinance to establish a surcharge on  
20 transient accommodations tax; and



1 (5) Beginning with taxable years after December 31, 2021,  
 2 gradually implement new individual income tax and  
 3 corporation income tax brackets and rates in  
 4 three-year intervals for taxpayers who reside in a  
 5 county that adopted an ordinance to establish a  
 6 surcharge on transient accommodations tax.

7 PART II

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

11 **"§46- County surcharge on transient accommodations tax.**

12 (a) Each county may establish a surcharge on transient  
 13 accommodations tax at the rate enumerated in section 237D-  
 14 and shall do so by ordinance; provided that:

15 (1) No ordinance shall be adopted until the county has  
 16 conducted a public hearing on the proposed ordinance;  
 17 and

18 (2) No county shall establish a surcharge pursuant to this  
 19 subsection unless it adopts the requirements of  
 20 subsection (c).



1 Notice of the public hearing required under paragraph (1) shall  
2 be published in a newspaper of general circulation within the  
3 county at least twice within a period of thirty days immediately  
4 preceding the date of the hearing.

5 (b) A county electing to exercise the authority granted  
6 under this section shall notify the director of taxation within  
7 ten days after the county has adopted a surcharge on transient  
8 accommodations tax ordinance and the director of taxation shall  
9 levy, assess, collect, and otherwise administer the county  
10 surcharge on transient accommodations tax.

11 (c) Before establishing a surcharge on transient  
12 accommodations tax, a county shall adopt an ordinance to:

13 (1) Increase the real property tax rates on all real  
14 property tax classifications as follows:

15 (A) Beginning January 1, 2022, no less than twenty  
16 per cent from the real property tax rate as of  
17 December 31, 2021;

18 (B) Beginning January 1, 2025, no less than twenty  
19 per cent from the real property tax rate as of  
20 January 1, 2022;



1           (C) Beginning January 1, 2028, no less than twenty  
2           per cent from the real property tax rate as of  
3           January 1, 2025; and  
4           (D) Beginning January 1, 2031, no less than twenty  
5           per cent from the real property tax rate as of  
6           January 1, 2028;  
7           provided that this paragraph shall not apply to real  
8           property classified as conservation property; provided  
9           further that each county shall remit to the director  
10           of finance the amounts received pursuant to this  
11           paragraph; provided further that of the amounts  
12           received pursuant to this paragraph, \$                   shall  
13           be paid to each county general fund;  
14           (2) Increase the property exemptions for taxpayers who use  
15           the property as their principal residence no less than  
16           \$                   from the existing amounts as of July 1,  
17           2021; and  
18           (3) Decrease the minimum age requirement for the home  
19           exemption no less than           years from the current  
20           minimum age requirement as of July 1, 2021."



1 SECTION 3. Chapter 237D, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§237D- County surcharge on transient accommodations  
5 tax; administration. (a) The county surcharge on transient  
6 accommodations tax, upon the adoption of county ordinances and  
7 in accordance with section 46- , shall be levied, assessed,  
8 and collected as provided in this section on all gross rental or  
9 gross rental proceeds taxable under this chapter. No county  
10 shall set the surcharge on transient accommodations tax at a  
11 rate greater than per cent of all gross rental or gross  
12 rental proceeds taxable under this chapter. All provisions of  
13 this chapter shall apply to the county surcharge on transient  
14 accommodations tax. With respect to the surcharge, the director  
15 of taxation shall have the exclusive rights and power to  
16 determine the county or counties in which a person is engaged in  
17 business, and, in the case of a person engaged in business in  
18 more than one county, the director shall determine, through  
19 apportionment or other means, that portion of the surcharge on  
20 transient accommodations tax attributable to business conducted  
21 in each county.



1       (b) Any county surcharge on transient accommodations tax  
2 adopted pursuant to section 46- shall be levied no later than  
3 the first calendar day of the seventh month after the adoption  
4 of the relevant county ordinance.

5       (c) The director of taxation shall revise the transient  
6 accommodations tax forms to provide for the clear and separate  
7 designation of the imposition and payment of the county  
8 surcharge on transient accommodations tax.

9       (d) The taxpayer shall designate the taxation district to  
10 which the county surcharge on transient accommodations tax is  
11 assigned in accordance with rules adopted by the director of  
12 taxation pursuant to chapter 91. The taxpayer shall file a  
13 schedule with the taxpayer's periodic and annual transient  
14 accommodations tax returns summarizing the amount of taxes  
15 assigned to each taxation district.

16       (e) The penalties provided by section 231-39 for failure  
17 to file a tax return shall be imposed on the amount of surcharge  
18 due on the return being filed for the failure to file the  
19 schedule required to accompany the return. In addition, there  
20 shall be added to the tax an amount equal to ten per cent of the  
21 amount of the surcharge and tax due on the return being filed



1 for the failure to file the schedule or failure to correctly  
2 report the assignment of the transient accommodations tax by  
3 taxation district on the schedule required under this  
4 subsection.

5 (f) All taxpayers who file on a fiscal year basis whose  
6 fiscal year ends after December 31 of the year prior to the  
7 taxable year in which the taxes become effective, shall file a  
8 short period annual return for the period preceding January 1 of  
9 the taxable year in which the taxes become effective. Each  
10 fiscal year, a taxpayer shall file a short period annual return  
11 for the period starting on January 1 of the taxable year in  
12 which the taxes become effective and ending before January 1 of  
13 the following year."

14 SECTION 4. Chapter 248, Hawaii Revised Statutes, is  
15 amended by adding a new section to be appropriately designated  
16 and to read as follows:

17 "§248- County surcharge on transient accommodations  
18 tax; disposition of proceeds. (a) If adopted by county  
19 ordinance, all county surcharges on transient accommodations tax  
20 collected by the director of taxation shall be paid into the  
21 state treasury quarterly, within ten working days after



1 collection, and shall be placed by the director of finance in  
2 special accounts. Out of the revenues generated by county  
3 surcharges on transient accommodations tax paid into each  
4 respective state treasury special account, the director of  
5 finance shall deduct five per cent of the gross proceeds of a  
6 respective county's surcharge on transient accommodations tax to  
7 reimburse the State for the costs of assessment, collection, and  
8 disposition of the county surcharge on transient accommodations  
9 tax incurred by the State. Amounts retained shall be general  
10 fund realizations of the State.

11 (b) The amounts deducted for costs of assessment,  
12 collection, and disposition of county surcharges on transient  
13 accommodations tax shall be withheld from payment to the  
14 counties by the State out of the county surcharges on transient  
15 accommodations tax collected for the current calendar year.

16 (c) After the deduction and withholding of the costs under  
17 subsections (a) and (b), the director of finance shall pay the  
18 remaining balance on a quarterly basis to the director of  
19 finance of each county that has adopted a county surcharge on  
20 transient accommodations tax under section 46- . The  
21 quarterly payments shall be made after the county surcharges on



1 transient accommodations tax have been paid into the state  
2 treasury special accounts or after the disposition of any tax  
3 appeal, as the case may be. All county surcharges on transient  
4 accommodations tax collected shall be distributed by the  
5 director of finance to the county in which the county surcharge  
6 on transient accommodations tax is generated and shall be a  
7 general fund realization of the county.

8 (d) For the purposes of this section, the costs of  
9 assessment, collection, and disposition of the county surcharges  
10 on transient accommodations tax shall include any and all costs,  
11 direct or indirect, that are deemed necessary and proper to  
12 effectively administer this section and section 237D- ."

13 PART III

14 SECTION 5. Section 87A-42, Hawaii Revised Statutes, is  
15 amended to read as follows:

16 "**§87A-42 Other post-employment benefits trust.** (a)  
17 Notwithstanding sections 87A-31 and 87A-31.5, the board, upon  
18 terms and conditions set by the board, shall establish and  
19 administer a separate trust fund for the purpose of receiving  
20 employer contributions that will prefund other post-employment  
21 health and other benefit plan costs for retirees and their



1 beneficiaries. The separate trust fund shall meet the  
2 requirements of the Governmental Accounting Standards Board  
3 regarding other post-employment benefits trusts. The board  
4 shall establish and maintain a separate account for each public  
5 employer within the separate trust fund to accept and account  
6 for each public employer's contributions. Employer  
7 contributions to the separate trust fund shall be irrevocable,  
8 all assets of the fund shall be dedicated exclusively to  
9 providing health and other benefits to retirees and their  
10 beneficiaries, and assets of the fund shall not be subject to  
11 appropriation for any other purpose and shall not be subject to  
12 claims by creditors of the employers or the board or plan  
13 administrator. The board's powers under section 87A-24 shall  
14 also apply to the fund established pursuant to this section.

15 (b) Public employer contributions shall be paid into the  
16 fund in each fiscal year, and commencing with the 2018-2019  
17 fiscal year, the amount of the annual public employer  
18 contribution shall be equal to the amount of the annual required  
19 contribution, as determined by an actuary retained by the board.

20 (c) In any fiscal year subsequent to the 2017-2018 fiscal  
21 year in which the state public employer's contributions into the



1 fund are less than the amount of the annual required  
2 contribution, the amount that represents the excess of the  
3 annual required contribution over the state public employer's  
4 contributions shall be deposited into the appropriate account of  
5 the separate trust fund from a portion of all general excise tax  
6 revenues collected by the department of taxation under  
7 section 237-31.

8 If any general excise tax revenues are deposited into the  
9 separate trust fund in any fiscal year as a result of this  
10 subsection, the director of finance shall notify the legislature  
11 and governor whether the general fund expenditure ceiling for  
12 that fiscal year would have been exceeded if those revenues had  
13 been legislatively appropriated instead of deposited without  
14 appropriation into the trust fund. The notification shall be  
15 submitted within thirty days following the end of the applicable  
16 fiscal year.

17 ~~[(d) In any fiscal year subsequent to the 2017-2018 fiscal~~  
18 ~~year in which a county public employer's contributions into the~~  
19 ~~fund are less than the amount of the annual required~~  
20 ~~contribution, the amount that represents the excess of the~~  
21 ~~annual required contribution over the county public employer's~~



1 ~~contributions shall be deposited into the fund from a portion of~~  
2 ~~all transient accommodations tax revenues collected by the~~  
3 ~~department of taxation under section 237D-6.5(b)(4). The~~  
4 ~~director of finance shall deduct the amount necessary to meet~~  
5 ~~the county public employer's annual required contribution from~~  
6 ~~the revenues derived under section 237D-6.5(b)(4) and transfer~~  
7 ~~the amount to the board for deposit into the appropriate account~~  
8 ~~of the separate trust fund.~~

9       ~~(e)]~~ (d) In any fiscal year subsequent to fiscal year  
10 2017-2018 in which a public employer's contributions into the  
11 fund are less than the amount of the annual required  
12 contribution and the public employer is not entitled to  
13 transient accommodations tax revenues sufficient to satisfy the  
14 total amount of the annual required contribution, the public  
15 employer's contributions shall be deposited into the fund from  
16 portions of any other revenues collected on behalf of the public  
17 employer or held by the State. The director of finance shall  
18 deduct the amount necessary to meet the public employer's annual  
19 required contribution from any revenues collected on behalf of  
20 the public employer held by the State and transfer the amount to



1 the board for deposit into the appropriate account of the  
2 separate trust fund.

3 [~~f~~] (e) For the purposes of this section, "annual  
4 required contribution" means a public employer's required  
5 contribution to the trust fund established in this section that  
6 is sufficient to cover:

7 (1) The normal cost, which is the cost of other post-  
8 employment benefits attributable to the current year  
9 of service; and

10 (2) An amortization payment, which is a catch-up payment  
11 for past service costs to fund the unfunded actuarial  
12 accrued liability over the next thirty years."

13 SECTION 6. Section 171-19, Hawaii Revised Statutes, is  
14 amended by amending subsection (a) to read as follows:

15 "(a) There is created in the department a special fund to  
16 be designated as the "special land and development fund".

17 Subject to the Hawaiian Homes Commission Act of 1920, as  
18 amended, and section 5(f) of the Admission Act of 1959, all  
19 proceeds of sale of public lands, including interest on deferred  
20 payments; all moneys collected under section 171-58 for mineral  
21 and water rights; all rents from leases, licenses, and permits



1 derived from public lands; all moneys collected from lessees of  
2 public lands within industrial parks; all fees, fines, and other  
3 administrative charges collected under this chapter and  
4 chapter 183C; a portion of the highway fuel tax collected under  
5 chapter 243; all moneys collected by the department for the  
6 commercial use of public trails and trail accesses under the  
7 jurisdiction of the department; transient accommodations tax  
8 revenues collected pursuant to section [~~237D-6.5(b)(5);~~]  
9 237D-6.5(b)(4); and private contributions for the management,  
10 maintenance, and development of trails and accesses shall be set  
11 apart in the fund and shall be used only as authorized by the  
12 legislature for the following purposes:

- 13 (1) To reimburse the general fund of the State for  
14 advances made that are required to be reimbursed from  
15 the proceeds derived from sales, leases, licenses, or  
16 permits of public lands;
- 17 (2) For the planning, development, management, operations,  
18 or maintenance of all lands and improvements under the  
19 control and management of the board pursuant to  
20 title 12, including but not limited to permanent or  
21 temporary staff positions who may be appointed without



1 regard to chapter 76; provided that transient  
2 accommodations tax revenues allocated to the fund  
3 shall be expended as provided in section  
4 [~~237D-6.5(b)(5);~~] 237D-6.5(b)(4);

5 (3) To repurchase any land, including improvements, in the  
6 exercise by the board of any right of repurchase  
7 specifically reserved in any patent, deed, lease, or  
8 other documents or as provided by law;

9 (4) For the payment of all appraisal fees; provided that  
10 all fees reimbursed to the board shall be deposited in  
11 the fund;

12 (5) For the payment of publication notices as required  
13 under this chapter; provided that all or a portion of  
14 the expenditures may be charged to the purchaser or  
15 lessee of public lands or any interest therein under  
16 rules adopted by the board;

17 (6) For the management, maintenance, and development of  
18 trails and trail accesses under the jurisdiction of  
19 the department;



1 (7) For the payment to private land developers who have  
2 contracted with the board for development of public  
3 lands under section 171-60;

4 (8) For the payment of debt service on revenue bonds  
5 issued by the department, and the establishment of  
6 debt service and other reserves deemed necessary by  
7 the board;

8 (9) To reimburse the general fund for debt service on  
9 general obligation bonds issued to finance  
10 departmental projects, where the bonds are designated  
11 to be reimbursed from the special land and development  
12 fund;

13 (10) For the protection, planning, management, and  
14 regulation of water resources under chapter 174C; and

15 (11) For other purposes of this chapter."

16 SECTION 7. Section 237D-6.5, Hawaii Revised Statutes, is  
17 amended by amending subsection (b) to read as follows:

18 "(b) Except for the revenues collected pursuant to  
19 section 237D-2(e), revenues collected under this chapter shall  
20 be distributed in the following priority, with the excess  
21 revenues to be deposited into the general fund:



- 1           (1) \$1,500,000 shall be allocated to the Turtle Bay  
2           conservation easement special fund beginning July 1,  
3           2015, for the reimbursement to the state general fund  
4           of debt service on reimbursable general obligation  
5           bonds, including ongoing expenses related to the  
6           issuance of the bonds, the proceeds of which were used  
7           to acquire the conservation easement and other real  
8           property interests in Turtle Bay, Oahu, for the  
9           protection, preservation, and enhancement of natural  
10          resources important to the State, until the bonds are  
11          fully amortized;
- 12          (2) \$16,500,000 shall be allocated to the convention  
13          center enterprise special fund established under  
14          section 201B-8;
- 15          (3) \$79,000,000 shall be allocated to the tourism special  
16          fund established under section 201B-11; provided that:
- 17            (A) Beginning on July 1, 2012, and ending on June 30,  
18            2015, \$2,000,000 shall be expended from the  
19            tourism special fund for development and  
20            implementation of initiatives to take advantage  
21            of expanded visa programs and increased travel



1                   opportunities for international visitors to  
2                   Hawaii;

3           (B) Of the \$79,000,000 allocated:

4                   (i) \$1,000,000 shall be allocated for the  
5                   operation of a Hawaiian center and the  
6                   museum of Hawaiian music and dance; and

7                   (ii) 0.5 per cent of the \$79,000,000 shall be  
8                   transferred to a sub-account in the tourism  
9                   special fund to provide funding for a safety  
10                  and security budget, in accordance with the  
11                  Hawaii tourism strategic plan 2005-2015; and

12           (C) Of the revenues remaining in the tourism special  
13                  fund after revenues have been deposited as  
14                  provided in this paragraph and except for any sum  
15                  authorized by the legislature for expenditure  
16                  from revenues subject to this paragraph,  
17                  beginning July 1, 2007, funds shall be deposited  
18                  into the tourism emergency special fund,  
19                  established in section 201B-10, in a manner  
20                  sufficient to maintain a fund balance of



1                   \$5,000,000 in the tourism emergency special fund;

2                   and

3       ~~[(4) \$103,000,000 shall be allocated as follows: Kauai~~  
4       ~~county shall receive 14.5 per cent, Hawaii county~~  
5       ~~shall receive 18.6 per cent, city and county of~~  
6       ~~Honolulu shall receive 44.1 per cent, and Maui county~~  
7       ~~shall receive 22.8 per cent; provided that commencing~~  
8       ~~with fiscal year 2018-2019, a sum that represents the~~  
9       ~~difference between a county public employer's annual~~  
10       ~~required contribution for the separate trust fund~~  
11       ~~established under section 87A-42 and the amount of the~~  
12       ~~county public employer's contributions into that trust~~  
13       ~~fund shall be retained by the state director of~~  
14       ~~finance and deposited to the credit of the county~~  
15       ~~public employer's annual required contribution into~~  
16       ~~that trust fund in each fiscal year, as provided in~~  
17       ~~section 87A-42, if the respective county fails to~~  
18       ~~remit the total amount of the county's required annual~~  
19       ~~contributions, as required under section 87A-43; and~~  
20       ~~(5)]~~ (4) \$3,000,000 shall be allocated to the special land  
21       and development fund established under section 171-19;



1 provided that the allocation shall be expended in  
2 accordance with the Hawaii tourism authority strategic  
3 plan for:

4 (A) The protection, preservation, maintenance, and  
5 enhancement of natural resources, including  
6 beaches, important to the visitor industry;

7 (B) Planning, construction, and repair of facilities;  
8 and

9 (C) Operation and maintenance costs of public lands,  
10 including beaches, connected with enhancing the  
11 visitor experience.

12 All transient accommodations taxes shall be paid into the  
13 state treasury each month within ten days after collection and  
14 shall be kept by the state director of finance in special  
15 accounts for distribution as provided in this subsection.

16 As used in this subsection, "fiscal year" means the twelve-  
17 month period beginning on July 1 of a calendar year and ending  
18 on June 30 of the following calendar year."



## PART IV

SECTION 8. Chapter 235, Hawaii Revised Statutes, is amended by adding four new sections to be appropriately designated and to read as follows:

**"235- Individual information return; file. (a)**

Beginning January 1, 2031, each taxpayer in the State who resides in a county that adopted an ordinance to establish a surcharge on transient accommodations tax pursuant to section 46- and who is otherwise not required to file an individual income tax return, shall file an information return reporting the gross income earned from all sources to the director of taxation each taxable year.

(b) The director of taxation:

(1) Shall prepare any forms that may be necessary for a taxpayer to file an information return; and

(2) May adopt rules pursuant to chapter 91 necessary to effectuate the purposes of this section.

**§235- Landlord low-income tenant tax credit. (a)**

There shall be allowed to each qualified taxpayer subject to the tax imposed under this chapter, a landlord low-income tenant tax credit that shall be deductible from the taxpayer's net income



1 tax liability, if any, imposed by this chapter for the taxable  
2 year in which the credit is properly claimed.

3 (b) In the case of a partnership, S corporation, estate,  
4 or trust, the tax credit allowable is for qualified expenses  
5 incurred by the entity for the taxable year. The expenses upon  
6 which the tax credit is computed shall be determined at the  
7 entity level. Distribution and share of credit shall be  
8 determined pursuant to section 704(b) of the Internal Revenue  
9 Code.

10 (c) The landlord low-income tenant tax credit shall be  
11 equal to fifty per cent of the difference between the annual  
12 lease rent collected and the annual appraised fair market rental  
13 value of the unit as determined by a licensed appraiser;  
14 provided that the credit shall not be available to units with an  
15 appraised property value exceeding \$1,000,000.

16 (d) The director of taxation:

17 (1) Shall prepare any forms that may be necessary to claim  
18 a tax credit under this section;

19 (2) May require the taxpayer to furnish reasonable  
20 information to ascertain the validity of the claim for  
21 the tax credit made under this section; and



1       (3) May adopt rules pursuant to chapter 91 necessary to  
2           effectuate the purposes of this section.

3       (e) If the tax credit claimed by a qualified taxpayer  
4 exceeds the amount of income tax payment due from the qualified  
5 taxpayer, the excess of the credit over payments due shall be  
6 refunded to the qualified taxpayer; provided that the tax credit  
7 properly claimed by a qualified individual who has no income tax  
8 liability shall be paid to the qualified individual.

9       (f) All claims for the tax credit under this section,  
10 including amended claims, shall be filed on or before the end of  
11 the twelfth month following the close of the taxable year for  
12 which the credit may be claimed. Failure to comply with the  
13 foregoing provision shall constitute a waiver of the right to  
14 claim the credit.

15       (g) For the purposes of this section, "qualified taxpayer"  
16 means a landlord who:

17       (1) Resides in a county that adopted an ordinance to  
18           establish a surcharge on transient accommodations tax  
19           pursuant to section 46- ; and

20       (2) Leases a unit for at least six months during the  
21           taxable year to persons earning ninety per cent or



1           less of the area median income as determined by the  
2           United States Department of Housing and Urban  
3           Development.

4           §235-       Residential circuit breaker tax credit.   (a)

5           There shall be allowed to each qualified taxpayer subject to the  
6           tax imposed under this chapter, a residential circuit breaker  
7           tax credit that shall be deductible from the taxpayer's net  
8           income tax liability, if any, imposed by this chapter for the  
9           taxable year in which the credit is properly claimed.

10          (b) The tax credit under this section shall be equal to  
11          per cent of the real property tax owed and paid by a  
12          qualified taxpayer in a taxable year.

13          (c) The director of taxation:

14          (1) Shall prepare any forms that may be necessary to claim  
15          a tax credit under this section;

16          (2) May require the taxpayer to furnish reasonable  
17          information to ascertain the validity of the claim for  
18          the tax credit made under this section; and

19          (3) May adopt rules pursuant to chapter 91 necessary to  
20          effectuate the purposes of this section.



1        (d) If the tax credit claimed by a qualified taxpayer  
2 exceeds the amount of income tax payment due from the qualified  
3 taxpayer, the excess of the credit over payments due shall be  
4 refunded to the qualified taxpayer; provided that the tax credit  
5 properly claimed by a qualified individual who has no income tax  
6 liability shall be paid to the qualified individual.

7        (e) All claims for the tax credit under this section,  
8 including amended claims, shall be filed on or before the end of  
9 the twelfth month following the close of the taxable year for  
10 which the credit may be claimed. Failure to comply with the  
11 foregoing provision shall constitute a waiver of the right to  
12 claim the credit.

13        (f) For the purposes of this section:

14        "Principal residence" means a residential property in the  
15 State in which a taxpayer has occupied for no less than two  
16 hundred seventy calendar days of a calendar year.

17        "Qualified taxpayer" means a person subject to the taxes  
18 imposed by this chapter who:

19        (1) Resides in a county that adopted an ordinance to  
20 establish a surcharge on transient accommodations tax  
21 pursuant to section 46- ;



- 1        (2) Is sixty-five years of age or older;
- 2        (3) Is not a dependent of another taxpayer;
- 3        (4) Has a total earned income that is less than \$20,000;
- 4        and
- 5        (5) Owns and occupies a residential property that is used
- 6        as a principal residence and the assessed value of the
- 7        residential property does not exceed \$1,000,000.

8        §235- Real property tax credit. (a) There shall be  
9        allowed to each qualified taxpayer subject to the tax imposed  
10       under this chapter, a real property tax credit that shall be  
11       deductible from the taxpayer's net income tax liability, if any,  
12       imposed by this chapter for the taxable year in which the credit  
13       is properly claimed.

14       (b) In the case of a partnership, S corporation, estate,  
15       or trust, the tax credit allowable is for qualified expenses  
16       incurred by the entity for the taxable year. The expenses upon  
17       which the tax credit is computed shall be determined at the  
18       entity level. Distribution and share of credit shall be  
19       determined pursuant to section 704(b) of the Internal Revenue  
20       Code.



1       (c) The real property tax credit shall be equal to fifty  
2 per cent of the real property tax owed and paid by a qualified  
3 taxpayer in a taxable year; provided that the credit shall not  
4 be applied to any value of the property exceeding \$1,000,000.

5       (d) The director of taxation:

6       (1) Shall prepare any forms that may be necessary to claim  
7 a tax credit under this section;

8       (2) May require the taxpayer to furnish reasonable  
9 information to ascertain the validity of the claim for  
10 the tax credit made under this section; and

11       (3) May adopt rules pursuant to chapter 91 necessary to  
12 effectuate the purposes of this section.

13       (e) If the tax credit claimed by a qualified taxpayer  
14 exceeds the amount of income tax payment due from the qualified  
15 taxpayer, the excess of the credit over payments due shall be  
16 refunded to the qualified taxpayer; provided that the tax credit  
17 properly claimed by a qualified individual who has no income tax  
18 liability shall be paid to the qualified individual.

19       (f) All claims for the tax credit under this section,  
20 including amended claims, shall be filed on or before the end of  
21 the twelfth month following the close of the taxable year for



1 which the credit may be claimed. Failure to comply with the  
2 foregoing provision shall constitute a waiver of the right to  
3 claim the credit.

4 (g) For the purposes of this section:

5 "Principal residence" means a residential property in the  
6 State in which a taxpayer has occupied for no less than two  
7 hundred seventy calendar days of a calendar year.

8 "Qualified taxpayer" means a person subject to the taxes  
9 imposed by this chapter who:

10 (1) Resides in a county that adopted an ordinance to  
11 establish a surcharge on transient accommodations tax  
12 pursuant to section 46- ; and

13 (2) Pays real property taxes to a county of the State for  
14 a residential property that is used as the taxpayer's  
15 principal residence during the taxable year."

16 SECTION 9. Section 235-51, Hawaii Revised Statutes, is  
17 amended by amending subsections (a) to (c) to read as follows:

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

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



1 (2) Surviving spouse,

2 a tax determined in accordance with the following table:

3 In the case of any taxable year beginning after

4 December 31, 2001:

5	If the taxable income is:	The tax shall be:
6	Not over \$4,000	1.40% of taxable income
7	Over \$4,000 but	\$56.00 plus 3.20% of
8	not over \$8,000	excess over \$4,000
9	Over \$8,000 but	\$184.00 plus 5.50% of
10	not over \$16,000	excess over \$8,000
11	Over \$16,000 but	\$624.00 plus 6.40% of
12	not over \$24,000	excess over \$16,000
13	Over \$24,000 but	\$1,136.00 plus 6.80% of
14	not over \$32,000	excess over \$24,000
15	Over \$32,000 but	\$1,680.00 plus 7.20% of
16	not over \$40,000	excess over \$32,000
17	Over \$40,000 but	\$2,256.00 plus 7.60% of
18	not over \$60,000	excess over \$40,000
19	Over \$60,000 but	\$3,776.00 plus 7.90% of
20	not over \$80,000	excess over \$60,000



1 Over \$80,000 \$5,356.00 plus 8.25% of  
2 excess over \$80,000.

3 In the case of any taxable year beginning after  
4 December 31, 2006:

5 If the taxable income is:	The tax shall be:
6 Not over \$4,800	1.40% of taxable income
7 Over \$4,800 but	\$67.00 plus 3.20% of
8 not over \$9,600	excess over \$4,800
9 Over \$9,600 but	\$221.00 plus 5.50% of
10 not over \$19,200	excess over \$9,600
11 Over \$19,200 but	\$749.00 plus 6.40% of
12 not over \$28,800	excess over \$19,200
13 Over \$28,800 but	\$1,363.00 plus 6.80% of
14 not over \$38,400	excess over \$28,800
15 Over \$38,400 but	\$2,016.00 plus 7.20% of
16 not over \$48,000	excess over \$38,400
17 Over \$48,000 but	\$2,707.00 plus 7.60% of
18 not over \$72,000	excess over \$48,000
19 Over \$72,000 but	\$4,531.00 plus 7.90% of
20 not over \$96,000	excess over \$72,000





1	Over \$96,000 but	\$6,427.00 plus 8.25% of
2	not over \$300,000	excess over \$96,000
3	Over \$300,000 but	\$23,257.00 plus 9.00% of
4	not over \$350,000	excess over \$300,000
5	Over \$350,000 but	\$27,757.00 plus 10.00% of
6	not over \$400,000	excess over \$350,000
7	Over \$400,000	\$32,757.00 plus 11.00% of
8		excess over \$400,000.

9 In the case of any taxable year beginning after  
10 December 31, 2021, for a taxpayer who resides in a county that  
11 adopted an ordinance to establish a surcharge on transient  
12 accommodations tax pursuant to section 46- :

13	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
14	<u>Not over \$28,800</u>	<u>\$0</u>
15	<u>Over \$28,800 but</u>	<u>4.50% of taxable income</u>
16	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
17	<u>Over \$38,400 but</u>	<u>\$432.00 plus 5.20% of</u>
18	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
19	<u>Over \$48,000 but</u>	<u>\$931.00 plus 6.20% of</u>
20	<u>not over \$72,000</u>	<u>excess over \$48,000</u>



1	<u>Over \$72,000. but</u>	<u>\$2,419.00 plus 6.50% of</u>
2	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
3	<u>Over \$96,000 but</u>	<u>\$3,979.00 plus 6.85% of</u>
4	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
5	<u>Over \$300,000 but</u>	<u>\$17,953.00 plus 7.60% of</u>
6	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
7	<u>Over \$350,000 but</u>	<u>\$21,753.00 plus 8.60% of</u>
8	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
9	<u>Over \$400,000</u>	<u>\$26,053.00 plus 9.60% of</u>
10		<u>excess over \$400,000.</u>

11 In the case of any taxable year beginning after  
12 December 31, 2024, for a taxpayer who resides in a county that  
13 adopted an ordinance to establish a surcharge on transient  
14 accommodations tax pursuant to section 46- :

15	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
16	<u>Not over \$28,800</u>	<u>\$0</u>
17	<u>Over \$28,800 but</u>	<u>3.00% of taxable income</u>
18	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
19	<u>Over \$38,400 but</u>	<u>\$288.00 plus 4.50% of</u>
20	<u>not over \$48,000</u>	<u>excess over \$38,400</u>



1	<u>Over \$48,000 but</u>	<u>\$720.00 plus 5.20% of</u>
2	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
3	<u>Over \$72,000 but</u>	<u>\$1,968.00 plus 6.20% of</u>
4	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
5	<u>Over \$96,000 but</u>	<u>\$3,456.00 plus 6.50% of</u>
6	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
7	<u>Over \$300,000 but</u>	<u>\$16,716.00 plus 6.85% of</u>
8	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
9	<u>Over \$350,000 but</u>	<u>\$20,141.00 plus 7.60% of</u>
10	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
11	<u>Over \$400,000</u>	<u>\$23,941.00 plus 8.60% of</u>
12		<u>excess over \$400,000.</u>

13 In the case of any taxable year beginning after  
14 December 31, 2027, for a taxpayer who resides in a county that  
15 adopted an ordinance to establish a surcharge on transient  
16 accommodations tax pursuant to section 46- :

17	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
18	<u>Not over \$28,800</u>	<u>\$0</u>
19	<u>Over \$28,800 but</u>	<u>1.50% of taxable income</u>
20	<u>not over \$38,400</u>	<u>excess over \$28,800</u>



1	<u>Over \$38,400 but</u>	<u>\$144.00 plus 3.00% of</u>
2	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
3	<u>Over \$48,000 but</u>	<u>\$432.00 plus 4.50% of</u>
4	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
5	<u>Over \$72,000 but</u>	<u>\$1,512.00 plus 5.20% of</u>
6	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
7	<u>Over \$96,000 but</u>	<u>\$2,760.00 plus 6.20% of</u>
8	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
9	<u>Over \$300,000 but</u>	<u>\$15,408.00 plus 6.50% of</u>
10	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
11	<u>Over \$350,000 but</u>	<u>\$18,658.00 plus 6.85% of</u>
12	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
13	<u>Over \$400,000</u>	<u>\$22,083.00 plus 7.60% of</u>
14		<u>excess over \$400,000.</u>

15 In the case of any taxable year beginning after  
16 December 31, 2030, for a taxpayer who resides in a county that  
17 adopted an ordinance to establish a surcharge on transient  
18 accommodations tax pursuant to section 46- :

19	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
20	<u>Not over \$38,400</u>	<u>\$0</u>



1	<u>Over \$38,400 but</u>	<u>1.50% of taxable income</u>
2	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
3	<u>Over \$48,000 but</u>	<u>\$144.00 plus 3.00% of</u>
4	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
5	<u>Over \$72,000 but</u>	<u>\$864.00 plus 4.50% of</u>
6	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
7	<u>Over \$96,000 but</u>	<u>\$1,944.00 plus 5.20% of</u>
8	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
9	<u>Over \$300,000 but</u>	<u>\$12,552.00 plus 6.20% of</u>
10	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
11	<u>Over \$350,000 but</u>	<u>\$15,652.00 plus 6.50% of</u>
12	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
13	<u>Over \$400,000</u>	<u>\$18,902.00 plus 6.85% of</u>
14		<u>excess over \$400,000.</u>

15 In the case of any taxable year beginning after  
16 December 31, 2033, for a taxpayer who resides in a county that  
17 adopted an ordinance to establish a surcharge on transient  
18 accommodations tax pursuant to section 46- :

19	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
20	<u>Not over \$48,000</u>	<u>\$0</u>



1	<u>Over \$48,000 but</u>	<u>1.50% of taxable income</u>
2	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
3	<u>Over \$72,000 but</u>	<u>\$360.00 plus 3.00% of</u>
4	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
5	<u>Over \$96,000 but</u>	<u>\$1,080.00 plus 4.50% of</u>
6	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
7	<u>Over \$300,000 but</u>	<u>\$10,260.00 plus 5.20% of</u>
8	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
9	<u>Over \$350,000 but</u>	<u>\$12,860.00 plus 6.20% of</u>
10	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
11	<u>Over \$400,000</u>	<u>\$15,960.00 plus 6.50% 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



1	Over \$7,200 but	\$166.00 plus 5.50% of
2	not over \$14,400	excess over \$7,200
3	Over \$14,400 but	\$562.00 plus 6.40% of
4	not over \$21,600	excess over \$14,400
5	Over \$21,600 but	\$1,022.00 plus 6.80% of
6	not over \$28,800	excess over \$21,600
7	Over \$28,800 but	\$1,512.00 plus 7.20% of
8	not over \$36,000	excess over \$28,800
9	Over \$36,000 but	\$2,030.00 plus 7.60% of
10	not over \$54,000	excess over \$36,000
11	Over \$54,000 but	\$3,398.00 plus 7.90% of
12	not over \$72,000	excess over \$54,000
13	Over \$72,000	\$4,820.00 plus 8.25% of
14		excess over \$72,000.

15 In the case of any taxable year beginning after

16 December 31, 2017:

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



1	Over \$7,200 but	\$166.00 plus 5.50% of
2	not over \$14,400	excess over \$7,200
3	Over \$14,400 but	\$562.00 plus 6.40% of
4	not over \$21,600	excess over \$14,400
5	Over \$21,600 but	\$1,022.00 plus 6.80% of
6	not over \$28,800	excess over \$21,600
7	Over \$28,800 but	\$1,512.00 plus 7.20% of
8	not over \$36,000	excess over \$28,800
9	Over \$36,000 but	\$2,030.00 plus 7.60% of
10	not over \$54,000	excess over \$36,000
11	Over \$54,000 but	\$3,398.00 plus 7.90% of
12	not over \$72,000	excess over \$54,000
13	Over \$72,000 but	\$4,820.00 plus 8.25% of
14	not over \$225,000	excess over \$72,000
15	Over \$225,000 but	\$17,443.00 plus 9.00% of
16	not over \$262,500	excess over \$225,000
17	Over \$262,500 but	\$20,818.00 plus 10.00% of
18	not over \$300,000	excess over \$262,500
19	Over \$300,000	\$24,568.00 plus 11.00% of
20		excess over \$300,000.



1        In the case of any taxable year beginning after  
 2        December 31, 2021, for a taxpayer who resides in a county that  
 3        adopted an ordinance to establish a surcharge on transient  
 4        accommodations tax pursuant to section 46-     :

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$21,600</u>	<u>0\$</u>
<u>Over \$21,600 but</u>	<u>4.50% of taxable income</u>
<u>    <u>not over \$28,800</u></u>	<u>    <u>excess over \$21,600</u></u>
<u>Over \$28,800 but</u>	<u>\$324.00 plus 5.20% of</u>
<u>    <u>not over \$36,000</u></u>	<u>    <u>excess over \$28,800</u></u>
<u>Over \$36,000 but</u>	<u>\$698.00 plus 6.20% of</u>
<u>    <u>not over \$54,000</u></u>	<u>    <u>excess over \$36,000</u></u>
<u>Over \$54,000 but</u>	<u>\$1,814.00 plus 6.50% of</u>
<u>    <u>not over \$72,000</u></u>	<u>    <u>excess over \$54,000</u></u>
<u>Over \$72,000 but</u>	<u>\$2,984.00 plus 6.85% of</u>
<u>    <u>not over \$225,000</u></u>	<u>    <u>excess over \$72,000</u></u>
<u>Over \$225,000 but</u>	<u>\$13,465.00 plus 7.60% of</u>
<u>    <u>not over \$262,500</u></u>	<u>    <u>excess over \$225,000</u></u>
<u>Over \$262,500 but</u>	<u>\$16,315.00 plus 8.60% of</u>
<u>    <u>not over \$300,000</u></u>	<u>    <u>excess over \$262,500</u></u>





1	<u>Over \$262,500 but</u>	<u>\$15,106.00 plus 7.60% of</u>
2	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
3	<u>Over \$300,000</u>	<u>\$17,956.00 plus 8.60% of</u>
4		<u>excess over \$300,000.</u>

5 In the case of any taxable year beginning after  
6 December 31, 2027, for a taxpayer who resides in a county that  
7 adopted an ordinance to establish a surcharge on transient  
8 accommodations tax pursuant to section 46- :

9	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
10	<u>Not over \$21,600</u>	<u>0\$</u>
11	<u>Over \$21,600 but</u>	<u>1.50% of taxable income</u>
12	<u>not over \$28,800</u>	<u>excess over \$21,600</u>
13	<u>Over \$28,800 but</u>	<u>\$108.00 plus 3.00% of</u>
14	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
15	<u>Over \$36,000 but</u>	<u>\$324.00 plus 4.50% of</u>
16	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
17	<u>Over \$54,000 but</u>	<u>\$1,134.00 plus 5.20% of</u>
18	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
19	<u>Over \$72,000 but</u>	<u>\$2,070.00 plus 6.20% of</u>
20	<u>not over \$225,000</u>	<u>excess over \$72,000</u>



1	<u>Over \$225,000 but</u>	<u>\$11,556.00 plus 6.50% of</u>
2	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
3	<u>Over \$262,500 but</u>	<u>\$13,994.00 plus 6.85% of</u>
4	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
5	<u>Over \$300,000</u>	<u>\$16,563.00 plus 7.60% of</u>
6		<u>excess over \$300,000.</u>

7 In the case of any taxable year beginning after  
8 December 31, 2030, for a taxpayer who resides in a county that  
9 adopted an ordinance to establish a surcharge on transient  
10 accommodations tax pursuant to section 46- :

11	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
12	<u>Not over \$28,800</u>	<u>0\$</u>
13	<u>Over \$28,800 but</u>	<u>1.50% of taxable income</u>
14	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
15	<u>Over \$36,000 but</u>	<u>\$108.00 plus 3.00% of</u>
16	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
17	<u>Over \$54,000 but</u>	<u>\$648.00 plus 4.50% of</u>
18	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
19	<u>Over \$72,000 but</u>	<u>\$1,458.00 plus 5.20% of</u>
20	<u>not over \$225,000</u>	<u>excess over \$72,000</u>



1	<u>Over \$225,000 but</u>	<u>\$9,414.00 plus 6.20% of</u>
2	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
3	<u>Over \$262,500 but</u>	<u>\$11,739.00 plus 6.50% of</u>
4	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
5	<u>Over \$300,000</u>	<u>\$14,177.00 plus 6.85% of</u>
6		<u>excess over \$300,000.</u>

7 In the case of any taxable year beginning after  
8 December 31, 2033, for a taxpayer who resides in a county that  
9 adopted an ordinance to establish a surcharge on transient  
10 accommodations tax pursuant to section 46- :

11	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
12	<u>Not over \$36,000</u>	<u>0\$</u>
13	<u>Over \$36,000 but</u>	<u>1.50% of taxable income</u>
14	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
15	<u>Over \$54,000 but</u>	<u>\$270.00 plus 3.00% of</u>
16	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
17	<u>Over \$72,000 but</u>	<u>\$810.00 plus 4.50% of</u>
18	<u>not over \$225,000</u>	<u>excess over \$72,000</u>
19	<u>Over \$225,000 but</u>	<u>\$7,695.00 plus 5.20% of</u>
20	<u>not over \$262,500</u>	<u>excess over \$225,000</u>



1	<u>Over \$262,500 but</u>	<u>\$9,645.00 plus 6.20% of</u>
2	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
3	<u>Over \$300,000</u>	<u>\$11,970.00 plus 6.50% of</u>
4		<u>excess over \$300,000.</u>

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

11 In the case of any taxable year beginning after  
12 December 31, 2001:

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



1	Over \$12,000 but	\$568.00 plus 6.80% of
2	not over \$16,000	excess over \$12,000
3	Over \$16,000 but	\$840.00 plus 7.20% of
4	not over \$20,000	excess over \$16,000
5	Over \$20,000 but	\$1,128.00 plus 7.60% of
6	not over \$30,000	excess over \$20,000
7	Over \$30,000 but	\$1,888.00 plus 7.90% of
8	not over \$40,000	excess over \$30,000
9	Over \$40,000	\$2,678.00 plus 8.25% of
10		excess over \$40,000.

11 In the case of any taxable year beginning after

12 December 31, 2006:

13	If the taxable income is:	The tax shall be:
14	Not over \$2,400	1.40% of taxable income
15	Over \$2,400 but	\$34.00 plus 3.20% of
16	not over \$4,800	excess over \$2,400
17	Over \$4,800 but	\$110.00 plus 5.50% of
18	not over \$9,600	excess over \$4,800
19	Over \$9,600 but	\$374.00 plus 6.40% of
20	not over \$14,400	excess over \$9,600



1	Over \$14,400 but	\$682.00 plus 6.80% of
2	not over \$19,200	excess over \$14,400
3	Over \$19,200 but	\$1,008.00 plus 7.20% of
4	not over \$24,000	excess over \$19,200
5	Over \$24,000 but	\$1,354.00 plus 7.60% of
6	not over \$36,000	excess over \$24,000
7	Over \$36,000 but	\$2,266.00 plus 7.90% of
8	not over \$48,000	excess over \$36,000
9	Over \$48,000	\$3,214.00 plus 8.25% of
10		excess over \$48,000.

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

13	If the taxable income is:	The tax shall be:
14	Not over \$2,400	1.40% of taxable income
15	Over \$2,400 but	\$34.00 plus 3.20% of
16	not over \$4,800	excess over \$2,400
17	Over \$4,800 but	\$110.00 plus 5.50% of
18	not over \$9,600	excess over \$4,800
19	Over \$9,600 but	\$374.00 plus 6.40% of
20	not over \$14,400	excess over \$9,600



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

17 In the case of any taxable year beginning after  
18 December 31, 2021, for a taxpayer who resides in a county that  
19 adopted an ordinance to establish a surcharge on transient  
20 accommodations tax pursuant to section 46- :



<u>If the taxable income is:</u>	<u>The tax shall be:</u>
1 <u>Not over \$14,400</u>	<u>\$0</u>
2 <u>Over \$14,400 but</u>	<u>4.50% of taxable income</u>
3 <u>not over \$19,200</u>	<u>excess over \$14,400</u>
4 <u>Over \$19,200 but</u>	<u>\$216.00 plus 5.20% of</u>
5 <u>not over \$24,000</u>	<u>excess over \$19,200</u>
6 <u>Over \$24,000 but</u>	<u>\$466.00 plus 6.20% of</u>
7 <u>not over \$36,000</u>	<u>excess over \$24,000</u>
8 <u>Over \$36,000 but</u>	<u>\$1,210.00 plus 6.50% of</u>
9 <u>not over \$48,000</u>	<u>excess over \$36,000</u>
10 <u>Over \$48,000 but</u>	<u>\$1,990.00 plus 6.85% of</u>
11 <u>not over \$150,000</u>	<u>excess over \$48,000</u>
12 <u>Over \$150,000 but</u>	<u>\$8,977.00 plus 7.60% of</u>
13 <u>not over \$175,000</u>	<u>excess over \$150,000</u>
14 <u>Over \$175,000 but</u>	<u>\$10,877.00 plus 8.60% of</u>
15 <u>not over \$200,000</u>	<u>excess over \$175,000</u>
16 <u>Over \$200,000</u>	<u>\$13,027.00 plus 9.60% of</u>
17 <u>excess over \$200,000.</u>	

18            In the case of any taxable year beginning after  
19            December 31, 2024, for a taxpayer who resides in a county that  
20



1 adopted an ordinance to establish a surcharge on transient  
 2 accommodations tax pursuant to section 46- :

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$14,400</u>	<u>\$0</u>
<u>Over \$14,400 but</u> <u>not over \$19,200</u>	<u>3.00% of taxable income</u> <u>excess over \$14,400</u>
<u>Over \$19,200 but</u> <u>not over \$24,000</u>	<u>\$144.00 plus 4.50% of</u> <u>excess over \$19,200</u>
<u>Over \$24,000 but</u> <u>not over \$36,000</u>	<u>\$360.00 plus 5.20% of</u> <u>excess over \$24,000</u>
<u>Over \$36,000 but</u> <u>not over \$48,000</u>	<u>\$984.00 plus 6.20% of</u> <u>excess over \$36,000</u>
<u>Over \$48,000 but</u> <u>not over \$150,000</u>	<u>\$1,728.00 plus 6.50% of</u> <u>excess over \$48,000</u>
<u>Over \$150,000 but</u> <u>not over \$175,000</u>	<u>\$8,358.00 plus 6.85% of</u> <u>excess over \$150,000</u>
<u>Over \$175,000 but</u> <u>not over \$200,000</u>	<u>\$10,071.00 plus 7.60% of</u> <u>excess over \$175,000</u>
<u>Over \$200,000</u>	<u>\$11,971.00 plus 8.60% of</u> <u>excess over \$200,000.</u>



1        In the case of any taxable year beginning after  
 2 December 31, 2027, for a taxpayer who resides in a county that  
 3 adopted an ordinance to establish a surcharge on transient  
 4 accommodations tax pursuant to section 46-     :

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
Not over \$14,400	\$0
<u>Over \$14,400 but</u>	<u>1.50% of taxable income</u>
<u>not over \$19,200</u>	<u>excess over \$14,400</u>
<u>Over \$19,200 but</u>	<u>\$72.00 plus 3.00% of</u>
<u>not over \$24,000</u>	<u>excess over \$19,200</u>
<u>Over \$24,000 but</u>	<u>\$216.00 plus 4.50% of</u>
<u>not over \$36,000</u>	<u>excess over \$24,000</u>
<u>Over \$36,000 but</u>	<u>\$756.00 plus 5.20% of</u>
<u>not over \$48,000</u>	<u>excess over \$36,000</u>
<u>Over \$48,000 but</u>	<u>\$1,380.00 plus 6.20% of</u>
<u>not over \$150,000</u>	<u>excess over \$48,000</u>
<u>Over \$150,000 but</u>	<u>\$7,704.00 plus 6.50% of</u>
<u>not over \$175,000</u>	<u>excess over \$150,000</u>
<u>Over \$175,000 but</u>	<u>\$9,329.00 plus 6.85% of</u>
<u>not over \$200,000</u>	<u>excess over \$175,000</u>







1 SECTION 10. Section 235-71, Hawaii Revised Statutes, is  
2 amended by amending subsections (a) and (b) to read as follows:  
3 "(a) A tax at the rates herein provided shall be assessed,  
4 levied, collected, and paid for each taxable year on the taxable  
5 income of every corporation, including a corporation carrying on  
6 business in partnership, except that in the case of a regulated  
7 investment company the tax is as provided by subsection (b) and  
8 further that in the case of a real estate investment trust as  
9 defined in section 856 of the Internal Revenue Code of 1954 the  
10 tax is as provided in subsection (d). "Corporation" includes  
11 any professional corporation incorporated pursuant to  
12 chapter 415A.

13 The tax on all taxable income shall be at the rate of  
14 4.4 per cent if the taxable income is not over \$25,000, 5.4 per  
15 cent if over \$25,000 but not over \$100,000, and on all over  
16 \$100,000, 6.4 per cent.

17 In the case of any taxable year beginning after  
18 December 31, 2021, for a corporation that is located in a county  
19 that adopted an ordinance to establish a surcharge on transient  
20 accommodations tax pursuant to section 46- :



1	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
2	<u>Not over \$25,000</u>	<u>3.30% of taxable income</u>
3	<u>Over \$25,000 but</u>	<u>4.10% of taxable income</u>
4	<u>not over \$100,000</u>	
5	<u>Over \$100,000</u>	<u>4.80% of taxable income.</u>

6 In the case of any taxable year beginning after  
7 December 31, 2024, for a corporation that is located in a county  
8 that adopted an ordinance to establish a surcharge on transient  
9 accommodations tax pursuant to section 46- :

10	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
11	<u>Not over \$25,000</u>	<u>2.50% of taxable income</u>
12	<u>Over \$25,000 but</u>	<u>3.10% of taxable income</u>
13	<u>not over \$100,000</u>	
14	<u>Over \$100,000</u>	<u>3.60% of taxable income.</u>

15 In the case of any taxable year beginning after  
16 December 31, 2027, for a corporation that is located in a county  
17 that adopted an ordinance to establish a surcharge on transient  
18 accommodations tax pursuant to section 46- :

19	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
20	<u>Not over \$25,000</u>	<u>1.90% of taxable income</u>



1	<u>Over \$25,000 but</u>	<u>2.30% of taxable income</u>
2	<u>not over \$100,000</u>	
3	<u>Over \$100,000</u>	<u>2.70% of taxable income.</u>

4 (b) In the case of a regulated investment company there is  
5 imposed on the taxable income, computed as provided in  
6 sections 852 and 855 of the Internal Revenue Code but with the  
7 changes and adjustments made by this chapter (without prejudice  
8 to the generality of the foregoing, the deduction for dividends  
9 paid is limited to such amount of dividends as is attributable  
10 to income taxable under this chapter), a tax consisting in the  
11 sum of the following: 4.4 per cent if the taxable income is not  
12 over \$25,000, 5.4 per cent if over \$25,000 but not over  
13 \$100,000, and on all over \$100,000, 6.4 per cent.

14 In the case of any taxable year beginning after  
15 December 31, 2021, for a regulated investment company that is  
16 located in a county that adopted an ordinance to establish a  
17 surcharge on transient accommodations tax pursuant to  
18 section 46- :

19	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
20	<u>Not over \$25,000</u>	<u>3.30% of taxable income</u>





1           Over \$25,000 but                           2.30% of taxable income  
2                           not over \$100,000  
3           Over \$100,000                           2.70% of taxable  
4   income."

5   PART V

6           SECTION 11. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8           SECTION 12. This Act shall take effect on July 1, 2050,  
9 and shall apply to taxable years beginning after December 31,  
10 2021.



**Report Title:**

County Surcharge; Real Property Tax; Transient Accommodations Tax; Individual Income Tax; Corporation Income Tax; Income Tax Rates

**Description:**

Authorizes each county to levy a county surcharge on transient accommodations tax if the county satisfies certain real property tax requirements and requires those counties to remit certain real property tax revenues to the State to offset the reduction in income tax. Repeals the allocation of transient accommodations tax revenue to the counties and makes conforming amendments. Beginning 1/1/2031, requires certain taxpayers to file an information return to the director of taxation. Establishes a landlord low-income tenant tax credit, residential circuit breaker tax credit, and real property tax credit for certain taxpayers. For counties that adopt certain ordinances, beginning with taxable years after 12/31/2021, gradually implements new individual income tax and corporation income tax brackets and lower tax rates in three-year intervals. Effective 7/1/2050. (HD2)

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

