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## A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. The legislature finds that taxes and fees  
2 associated with vehicles--such as gasoline and vehicular weight  
3 taxes--tend to be imposed in a regressive manner in Hawaii,  
4 resulting in low- and middle-income residents paying a larger  
5 share of their incomes to those taxes and fees than high-income  
6 residents. Specifically, gasoline taxes burden low- and middle-  
7 income persons disproportionately since they typically have  
8 older vehicles that are not as fuel-efficient as newer vehicles.  
9 Similarly, vehicular weight taxes burden low- and middle-income  
10 persons disproportionately as newer models can be lighter;  
11 although this is highly susceptible to a consumer's choice in a  
12 vehicle. This burden is compounded for low- and middle-income  
13 persons in rural areas who must travel farther distances for  
14 basic goods and services, work, and leisure.

15           The purpose of this Act is to provide some relief to low-  
16 income persons by providing a refundable tax credit for a  
17 portion of the annual state vehicle registration fee for persons



1 who are eligible to receive a food/excise tax credit greater  
2 than \$0.

3 SECTION 2. Section 23-96, Hawaii Revised Statutes, is  
4 amended by amending subsection (c) to read as follows:

5 "(c) This section shall apply to the following:

- 6 (1) Section 235-15--Credit for purchase of child passenger  
7 restraint system;
- 8 (2) Section 235-55.6--Credit for employment-related  
9 expenses for household and dependent care services;
- 10 (3) Section 235-55.7--Credit for a low-income household  
11 renter; and
- 12 (4) Section 235-55.85--Credit for food and excise tax[~~-~~]  
13 and vehicle registration."

14 SECTION 3. Section 235-55.85, Hawaii Revised Statutes, is  
15 amended to read as follows:

16 "**§235-55.85 Refundable food/excise tax credit[~~-~~]; vehicle**  
17 **registration tax credit.** (a) Each individual taxpayer, who

18 files an individual income tax return for a taxable year, and  
19 who is not claimed or is not otherwise eligible to be claimed as  
20 a dependent by another taxpayer for federal or Hawaii state  
21 individual income tax purposes, may claim a refundable



1 food/excise tax credit against the taxpayer's individual income  
 2 tax liability for the taxable year for which the individual  
 3 income tax return is being filed; provided that an individual  
 4 who has no income or no income taxable under this chapter and  
 5 who is not claimed or is not otherwise eligible to be claimed as  
 6 a dependent by a taxpayer for federal or Hawaii state individual  
 7 income tax purposes may claim ~~[this]~~ the credit.

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

16

Adjusted gross income	Credit per exemption
for taxpayers filing	
a single return	
Under \$5,000	\$110
\$5,000 under \$10,000	\$100



1	\$10,000 under \$15,000	\$ 85
2	\$15,000 under \$20,000	\$ 70
3	\$20,000 under \$30,000	\$ 55
4	\$30,000 and over	\$ 0.
5		
6	Adjusted gross income	Credit per exemption
7	for heads of household,	
8	married individuals filing	
9	separate returns, and	
10	married couples filing	
11	joint returns	
12	Under \$5,000	\$110
13	\$5,000 under \$10,000	\$100
14	\$10,000 under \$15,000	\$ 85
15	\$15,000 under \$20,000	\$ 70
16	\$20,000 under \$30,000	\$ 55
17	\$30,000 under \$40,000	\$ 45
18	\$40,000 under \$50,000	\$ 35
19	\$50,000 and over	\$ 0.



1 (c) For the purposes of this section, a qualified  
2 exemption is defined to include those exemptions permitted under  
3 this chapter; provided that no additional exemption may be  
4 claimed by a taxpayer who is sixty-five years of age or older;  
5 provided that a person for whom exemption is claimed has been  
6 physically present in the State for more than nine months during  
7 the taxable year; and provided further that multiple exemptions  
8 shall not be granted because of deficiencies in vision or  
9 hearing, or other disability. For purposes of claiming [~~this~~]  
10 the food/excise tax credit only, a minor child receiving support  
11 from the department of human services of the State, social  
12 security survivor's benefits, and the like, may be considered a  
13 dependent and a qualified exemption of the parent or guardian.

14 (d) Individual taxpayers who may claim a refundable  
15 food/excise tax credit under subsection (b) greater than \$0 may  
16 also claim a refundable vehicle registration fee tax credit of  
17 \$25; provided that the taxpayer paid the annual state vehicle  
18 registration fee required under section 249-31 during the  
19 taxable year for at least one vehicle. Married taxpayers filing  
20 joint returns may claim a credit of \$50; provided that the



1 taxpayers paid the annual state vehicle registration fee for at  
2 least two vehicles during the taxable year.

3 ~~(d)~~ (e) The tax ~~[credit]~~ credits under this section  
4 shall not be available to:

5 (1) Any person who has been convicted of a felony and who  
6 has been committed to prison and has been physically  
7 confined for the full taxable year;

8 (2) Any person who would otherwise be eligible to be  
9 claimed as a dependent but who has been committed to a  
10 youth correctional facility and has resided at the  
11 facility for the full taxable year; or

12 (3) Any misdemeanor who has been committed to jail and  
13 has been physically confined for the full taxable  
14 year.

15 ~~(e)~~ (f) The tax credits claimed by a taxpayer pursuant  
16 to this section shall be deductible from the taxpayer's  
17 individual income tax liability, if any, for the tax year in  
18 which they are properly claimed. If the tax credits claimed by  
19 a taxpayer exceed the amount of income tax payment due from the  
20 taxpayer, the excess of credits over payments due shall be  
21 refunded to the taxpayer; provided that tax credits properly



1 claimed by [~~f~~]an[~~t~~] individual who has no income tax liability  
2 shall be paid to the individual; and provided further that no  
3 refunds or payment on account of the tax credits allowed by this  
4 section shall be made for amounts less than \$1.

5 [~~f~~] (g) All claims for tax credits under this section,  
6 including any amended claims, shall be filed on or before the  
7 end of the twelfth month following the close of the taxable year  
8 for which the credits may be claimed. Failure to comply with  
9 the foregoing provision shall constitute a waiver of the right  
10 to claim the credit.

11 [~~g~~] (h) For the purposes of this section, "adjusted  
12 gross income" means adjusted gross income as defined by the  
13 Internal Revenue Code."

14 SECTION 4. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 5. This Act, upon its approval, shall apply to  
17 taxable years beginning after December 31, 2020.

18

INTRODUCED BY:



JAN 22 2021



# H.B. NO. 510

**Report Title:**

Refundable Food/Excise Tax Credit; Vehicle Registration Tax Credit

**Description:**

Establishes a vehicle registration fee tax credit for persons who are eligible for a refundable food/excise tax credit greater than \$0.

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

