

JAN 22 2021

A BILL FOR AN ACT

RELATING TO INCOME TAX.

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

1 SECTION 1. The legislature finds that the ongoing
2 coronavirus disease 2019 (COVID-19) pandemic has had significant
3 impacts throughout the State. Although some sectors of the
4 economy have begun to experience improvement in activity, the
5 recovery has been sharply uneven with workers in middle and low-
6 wage jobs being affected disproportionately. This uneven
7 recovery has expanded the gap of income inequality that has
8 steadily grown in Hawai'i for generations. In September and
9 October of 2020, the State posted 14.3 and fifteen per cent
10 unemployment rates, respectively, the highest in the nation.
11 Those figures translate into nearly ninety-two thousand workers
12 who are currently without jobs.

13 The legislature further finds that the recession caused by
14 the COVID-19 pandemic has adversely affected state and local
15 government budgets throughout the United States, including
16 Hawai'i. Mandatory closures and other restrictions to businesses
17 in a variety of sectors, including tourism, have significantly



1 reduced tax revenue in the State. Numerous state legislatures
2 are considering taxing high-income earners at a higher rate in
3 order to ensure their ability to continue operating and
4 providing vital services to the public.

5 Accordingly, the purpose of this Act is to increase the
6 income tax rate on the highest-income earners in the State by
7 five per cent for six years.

8 SECTION 2. Section 235-51, Hawaii Revised Statutes, is
9 amended by amending subsections (a) through (c) to read as
10 follows:

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

13 (1) Taxpayer who files a joint return under section
14 235-93; and

15 (2) Surviving spouse,

16 a tax determined in accordance with the following table:

17 In the case of any taxable year beginning after
18 December 31, 2001:

19	If the taxable income is:	The tax shall be:
20	Not over \$4,000	1.40% of taxable income
21	Over \$4,000 but	\$56.00 plus 3.20% of



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1	not over \$8,000	excess over \$4,000
2	Over \$8,000 but	\$184.00 plus 5.50% of
3	not over \$16,000	excess over \$8,000
4	Over \$16,000 but	\$624.00 plus 6.40% of
5	not over \$24,000	excess over \$16,000
6	Over \$24,000 but	\$1,136.00 plus 6.80% of
7	not over \$32,000	excess over \$24,000
8	Over \$32,000 but	\$1,680.00 plus 7.20% of
9	not over \$40,000	excess over \$32,000
10	Over \$40,000 but	\$2,256.00 plus 7.60% of
11	not over \$60,000	excess over \$40,000
12	Over \$60,000 but	\$3,776.00 plus 7.90% of
13	not over \$80,000	excess over \$60,000
14	Over \$80,000	\$5,356.00 plus 8.25% of
15		excess over \$80,000.

16 In the case of any taxable year beginning after
17 December 31, 2006:

18	If the taxable income is:	The tax shall be:
19	Not over \$4,800	1.40% of taxable income
20	Over \$4,800 but	\$67.00 plus 3.20% of
21	not over \$9,600	excess over \$4,800



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1	Over \$9,600 but	\$221.00 plus 5.50% of
2	not over \$19,200	excess over \$9,600
3	Over \$19,200 but	\$749.00 plus 6.40% of
4	not over \$28,800	excess over \$19,200
5	Over \$28,800 but	\$1,363.00 plus 6.80% of
6	not over \$38,400	excess over \$28,800
7	Over \$38,400 but	\$2,016.00 plus 7.20% of
8	not over \$48,000	excess over \$38,400
9	Over \$48,000 but	\$2,707.00 plus 7.60% of
10	not over \$72,000	excess over \$48,000
11	Over \$72,000 but	\$4,531.00 plus 7.90% of
12	not over \$96,000	excess over \$72,000
13	Over \$96,000	\$6,427.00 plus 8.25% of
14		excess over \$96,000.

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 \$4,800	1.40% of taxable income
19	Over \$4,800 but	\$67.00 plus 3.20% of
20	not over \$9,600	excess over \$4,800
21	Over \$9,600 but	\$221.00 plus 5.50% of



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

20 In the case of any taxable year beginning after
21 December 31, 2020, but before January 1, 2028:



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1	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
2	<u>Not over \$4,800</u>	<u>1.40% of taxable income</u>
3	<u>Over \$4,800 but</u>	<u>\$67.00 plus 3.20% of</u>
4	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
5	<u>Over \$9,600 but</u>	<u>\$221.00 plus 5.50% of</u>
6	<u>not over \$19,200</u>	<u>excess over \$9,600</u>
7	<u>Over \$19,200 but</u>	<u>\$749.00 plus 6.40% of</u>
8	<u>not over \$28,800</u>	<u>excess over \$19,200</u>
9	<u>Over \$28,800 but</u>	<u>\$1,363.00 plus 6.80% of</u>
10	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
11	<u>Over \$38,400 but</u>	<u>\$2,016.00 plus 7.20% of</u>
12	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
13	<u>Over \$48,000 but</u>	<u>\$2,707.00 plus 7.60% of</u>
14	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
15	<u>Over \$72,000 but</u>	<u>\$4,531.00 plus 7.90% of</u>
16	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
17	<u>Over \$96,000 but</u>	<u>\$6,427.00 plus 8.25% of</u>
18	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
19	<u>Over \$300,000 but</u>	<u>\$23,257.00 plus 9.00% of</u>
20	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
21	<u>Over \$350,000 but</u>	<u>\$27,757.00 plus 10.00% of</u>



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1	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
2	<u>Over \$96,000 but</u>	<u>\$6,427.00 plus 8.25% of</u>
3	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
4	<u>Over \$300,000 but</u>	<u>\$23,257.00 plus 9.00% of</u>
5	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
6	<u>Over \$350,000 but</u>	<u>\$27,757.00 plus 10.00% of</u>
7	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
8	<u>Over \$400,000</u>	<u>\$32,757.00 plus 11.00% of</u>
9		<u>excess over \$400,000.</u>

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

13 In the case of any taxable year beginning after
 14 December 31, 2001:

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



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1	not over \$18,000	excess over \$12,000
2	Over \$18,000 but	\$852.00 plus 6.80% of
3	not over \$24,000	excess over \$18,000
4	Over \$24,000 but	\$1,260.00 plus 7.20% of
5	not over \$30,000	excess over \$24,000
6	Over \$30,000 but	\$1,692.00 plus 7.60% of
7	not over \$45,000	excess over \$30,000
8	Over \$45,000 but	\$2,832.00 plus 7.90% of
9	not over \$60,000	excess over \$45,000
10	Over \$60,000	\$4,017.00 plus 8.25% of
11		excess over \$60,000.

12 In the case of any taxable year beginning after
13 December 31, 2006:

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



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

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 \$3,600	1.40% of taxable income
15	Over \$3,600 but	\$50.00 plus 3.20% of
16	not over \$7,200	excess over \$3,600
17	Over \$7,200 but	\$166.00 plus 5.50% of
18	not over \$14,400	excess over \$7,200
19	Over \$14,400 but	\$562.00 plus 6.40% of
20	not over \$21,600	excess over \$14,400
21	Over \$21,600 but	\$1,022.00 plus 6.80% of



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

16 In the case of any taxable year beginning after
 17 December 31, 2020, but before January 1, 2028:

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



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1	<u>Over \$7,200 but</u>	<u>\$166.00 plus 5.50% of</u>
2	<u>not over \$14,400</u>	<u>excess over \$7,200</u>
3	<u>Over \$14,400 but</u>	<u>\$562.00 plus 6.40% of</u>
4	<u>not over \$21,600</u>	<u>excess over \$14,400</u>
5	<u>Over \$21,600 but</u>	<u>\$1,022.00 plus 6.80% of</u>
6	<u>not over \$28,800</u>	<u>excess over \$21,600</u>
7	<u>Over \$28,800 but</u>	<u>\$1,512.00 plus 7.20% of</u>
8	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
9	<u>Over \$36,000 but</u>	<u>\$2,030.00 plus 7.60% of</u>
10	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
11	<u>Over \$54,000 but</u>	<u>\$3,398.00 plus 7.90% of</u>
12	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
13	<u>Over \$72,000 but</u>	<u>\$4,820.00 plus 8.25% of</u>
14	<u>not over \$225,000</u>	<u>excess over \$72,000</u>
15	<u>Over \$225,000 but</u>	<u>\$17,443.00 plus 9.00% of</u>
16	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
17	<u>Over \$262,500 but</u>	<u>\$20,818.00 plus 10.00% of</u>
18	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
19	<u>Over \$300,000</u>	<u>\$24,568.00 plus 16.00% of</u>
20		<u>excess over \$300,000.</u>



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1	<u>In the case of any taxable year beginning after</u>	
2	<u>December 31, 2027:</u>	
3	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
4	<u>Not over \$3,600</u>	<u>1.40% of taxable income</u>
5	<u>Over \$3,600 but</u>	<u>\$50.00 plus 3.20% of</u>
6	<u>not over \$7,200</u>	<u>excess over \$3,600</u>
7	<u>Over \$7,200 but</u>	<u>\$166.00 plus 5.50% of</u>
8	<u>not over \$14,400</u>	<u>excess over \$7,200</u>
9	<u>Over \$14,400 but</u>	<u>\$562.00 plus 6.40% of</u>
10	<u>not over \$21,600</u>	<u>excess over \$14,400</u>
11	<u>Over \$21,600 but</u>	<u>\$1,022.00 plus 6.80% of</u>
12	<u>not over \$28,800</u>	<u>excess over \$21,600</u>
13	<u>Over \$28,800 but</u>	<u>\$1,512.00 plus 7.20% of</u>
14	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
15	<u>Over \$36,000 but</u>	<u>\$2,030.00 plus 7.60% of</u>
16	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
17	<u>Over \$54,000 but</u>	<u>\$3,398.00 plus 7.90% of</u>
18	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
19	<u>Over \$72,000 but</u>	<u>\$4,820.00 plus 8.25% of</u>
20	<u>not over \$225,000</u>	<u>excess over \$72,000</u>
21	<u>Over \$225,000 but</u>	<u>\$17,443.00 plus 9.00% of</u>



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1	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
2	<u>Over \$262,500 but</u>	<u>\$20,818.00 plus 10.00% of</u>
3	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
4	<u>Over \$300,000</u>	<u>\$24,568.00 plus 11.00% of</u>
5		<u>excess over \$300,000.</u>

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

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

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



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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
21	Over \$14,400 but	\$682.00 plus 6.80% of



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

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

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



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

15 In the case of any taxable year beginning after

16 December 31, 2020, but before January 1, 2028:

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



1	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
2	<u>Over \$9,600 but</u>	<u>\$374.00 plus 6.40% of</u>
3	<u>not over \$14,400</u>	<u>excess over \$9,600</u>
4	<u>Over \$14,400 but</u>	<u>\$682.00 plus 6.80% of</u>
5	<u>not over \$19,200</u>	<u>excess over \$14,400</u>
6	<u>Over \$19,200 but</u>	<u>\$1,008.00 plus 7.20% of</u>
7	<u>not over \$24,000</u>	<u>excess over \$19,200</u>
8	<u>Over \$24,000 but</u>	<u>\$1,354.00 plus 7.60% of</u>
9	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
10	<u>Over \$36,000 but</u>	<u>\$2,266.00 plus 7.90% of</u>
11	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
12	<u>Over \$48,000 but</u>	<u>\$3,214.00 plus 8.25% of</u>
13	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
14	<u>Over \$150,000 but</u>	<u>\$11,629.00 plus 9.00% of</u>
15	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
16	<u>Over \$175,000 but</u>	<u>\$13,879.00 plus 10.00% of</u>
17	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
18	<u>Over \$200,000</u>	<u>\$16,379.00 plus 16.00% of</u>
19		<u>excess over \$200,000.</u>

20 In the case of any taxable year beginning after
 21 December 31, 2027:



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1	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
2	<u>Not over \$2,400</u>	<u>1.40% of taxable income</u>
3	<u>Over \$2,400 but</u>	<u>\$34.00 plus 3.20% of</u>
4	<u>not over \$4,800</u>	<u>excess over \$2,400</u>
5	<u>Over \$4,800 but</u>	<u>\$110.00 plus 5.50% of</u>
6	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
7	<u>Over \$9,600 but</u>	<u>\$374.00 plus 6.40% of</u>
8	<u>not over \$14,400</u>	<u>excess over \$9,600</u>
9	<u>Over \$14,400 but</u>	<u>\$682.00 plus 6.80% of</u>
10	<u>not over \$19,200</u>	<u>excess over \$14,400</u>
11	<u>Over \$19,200 but</u>	<u>\$1,008.00 plus 7.20% of</u>
12	<u>not over \$24,000</u>	<u>excess over \$19,200</u>
13	<u>Over \$24,000 but</u>	<u>\$1,354.00 plus 7.60% of</u>
14	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
15	<u>Over \$36,000 but</u>	<u>\$2,266.00 plus 7.90% of</u>
16	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
17	<u>Over \$48,000 but</u>	<u>\$3,214.00 plus 8.25% of</u>
18	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
19	<u>Over \$150,000 but</u>	<u>\$11,629.00 plus 9.00% of</u>
20	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
21	<u>Over \$175,000 but</u>	<u>\$13,879.00 plus 10.00% of</u>



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1	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
2	<u>Over \$200,000</u>	<u>\$16,379.00 plus 11.00% of</u>
3		<u>excess over \$200,000."</u>

4 SECTION 3. New statutory material is underscored.

5 SECTION 4. This Act, upon its approval, shall apply to
6 taxable years beginning after December 31, 2020.

7

INTRODUCED BY: *Karl Rhoads*



S.B. NO. 276

Report Title:

Income Tax; High Income Taxpayers; Tax Rates

Description:

Raises the state income tax rate by five per cent for taxpayers in the highest income bracket for six years.

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

