

JAN 21 2022

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

2 SECTION 1. The legislature finds that the coronavirus
3 disease 2019 (COVID-19) spread globally and was declared a
4 pandemic by the World Health Organization on March 11, 2020.
5 Upon reaching Hawaii's shores, the COVID-19 outbreak disrupted
6 the local economy, resulting in a fiscal downturn that is
7 expected to impact the State's budget for years to come.

8 The legislature additionally finds that at the peak of
9 Hawaii's economic downturn in 2020, the State experienced levels
10 of unemployment not seen since the Great Depression. For
11 example, the unemployment rate in Kahului skyrocketed to thirty-
12 five per cent in April, nearly ten per cent higher than the
13 national unemployment rate at the peak of the Great Depression
14 and the highest of any metropolitan area in the United States at
15 the time, according to the United States Bureau of Labor
16 Statistics.



1 The legislature further finds that Hawaii's cost of living
2 continues be burdensome for island residents. According to the
3 National Low Income Housing Coalition's "Out of Reach 2021"
4 report, a minimum wage employee must work one hundred fourteen
5 hours per week to afford a one-bedroom rental home at fair
6 market prices. To afford a two-bedroom residence without being
7 cost burdened, the National Low Income Housing Coalition
8 estimates that a person must earn \$37.69 per hour. Hawaii's
9 electricity prices are also the highest in the nation, while the
10 cost of other essential items, like food and clothing, has risen
11 significantly in the past year.

12 The legislature also finds that taxing unemployment
13 compensation worsens the financial hardship faced by people who
14 have lost their jobs. Fifteen states, including Alabama,
15 Alaska, California, Florida, Montana, Nevada, New Hampshire, New
16 Jersey, Pennsylvania, South Dakota, Tennessee, Texas, Virginia,
17 Washington, and Wyoming, do not tax unemployment compensation;
18 nine of those states do not impose personal income taxes.
19 Moreover, Hawaii was one of only thirteen states that levied its
20 personal income tax on the first \$10,200 of unemployment income



1 received by individuals in 2020, when the first emergency public
2 health orders went into effect.

3 Accordingly, the purpose of this Act is to increase revenue
4 for essential public services and uplift Hawaii's most
5 vulnerable workers by:

- 6 (1) Increasing the personal income tax rate and
7 implementing a rate recapture mechanism that phases
8 out lower tax brackets for high earners;
- 9 (2) Increasing the tax on capital gains;
- 10 (3) Increasing the corporate income tax and establishing a
11 single corporate income tax rate; and
- 12 (4) Exempting unemployment payments from the State's
13 personal income tax.

14 PART II

15 SECTION 2. Section 235-51, Hawaii Revised Statutes, is
16 amended as follows:

17 1. By amending subsections (a) through (c) to read:
18 "(a) There is hereby imposed on the taxable income of
19 every:

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



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1 (2) Surviving spouse,

2 a tax determined in accordance with the following table:

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

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
21 Over \$96,000 but	\$6,427.00 plus 8.25% of



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

8 In the case of any taxable year beginning after December
9 31, 2021:

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



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1	<u>Over \$48,000 but</u>	<u>\$2,707.00 plus 7.60% of</u>
2	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
3	<u>Over \$72,000 but</u>	<u>\$4,531.00 plus 7.90% of</u>
4	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
5	<u>Over \$96,000 but</u>	<u>\$6,427.00 plus 8.25% of</u>
6	<u>not over \$200,000</u>	<u>excess over \$96,000</u>
7	<u>Over \$200,000 but</u>	<u>\$4,531.00 plus 9.00% of</u>
8	<u>not over \$300,000</u>	<u>excess over \$72,000</u>
9	<u>Over \$300,000 but</u>	<u>\$2,016.00 plus 10.00% of</u>
10	<u>not over \$400,000</u>	<u>excess over \$38,400</u>
11	<u>Over \$400,000 but</u>	<u>\$749.00 plus 11.00% of</u>
12	<u>not over \$450,000</u>	<u>excess over \$19,200</u>
13	<u>Over \$450,000 but</u>	<u>\$67.00 plus 12.00% of</u>
14	<u>not over \$500,000</u>	<u>excess over \$4,800</u>
15	<u>Over \$500,000</u>	<u>13.00% of all taxable</u>
16		<u>income.</u>

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

20 In the case of any taxable year beginning after December
 21 31, 2017:



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1	If the taxable income is:	The tax shall be:
2	Not over \$3,600	1.40% of taxable income
3	Over \$3,600 but	\$50.00 plus 3.20% of
4	not over \$7,200	excess over \$3,600
5	Over \$7,200 but	\$166.00 plus 5.50% of
6	not over \$14,400	excess over \$7,200
7	Over \$14,400 but	\$562.00 plus 6.40% of
8	not over \$21,600	excess over \$14,400
9	Over \$21,600 but	\$1,022.00 plus 6.80% of
10	not over \$28,800	excess over \$21,600
11	Over \$28,800 but	\$1,512.00 plus 7.20% of
12	not over \$36,000	excess over \$28,800
13	Over \$36,000 but	\$2,030.00 plus 7.60% of
14	not over \$54,000	excess over \$36,000
15	Over \$54,000 but	\$3,398.00 plus 7.90% of
16	not over \$72,000	excess over \$54,000
17	Over \$72,000 but	\$4,820.00 plus 8.25% of
18	not over \$225,000	excess over \$72,000
19	Over \$225,000 but	\$17,443.00 plus 9.00% of
20	not over \$262,500	excess over \$225,000
21	Over \$262,500 but	\$20,818.00 plus 10.00% of



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1 not over \$300,000 excess over \$262,500
2 Over \$300,000 \$24,568.00 plus 11.00% of
3 excess over \$300,000.

4 In the case of any taxable year beginning after December
5 31, 2021:

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



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1	<u>Over \$72,000 but</u>	<u>\$4,820.00 plus 8.25% of</u>
2	<u>not over \$150,000</u>	<u>excess over \$72,000</u>
3	<u>Over \$150,000 but</u>	<u>\$3,398.00 plus 9.00% of</u>
4	<u>not over \$225,000</u>	<u>excess over \$54,000</u>
5	<u>Over \$225,000 but</u>	<u>\$1,512.00 plus 10.00% of</u>
6	<u>not over \$300,000</u>	<u>excess over \$28,800</u>
7	<u>Over \$300,000 but</u>	<u>\$562.00 plus 11.00% of</u>
8	<u>not over \$350,000</u>	<u>excess over \$14,400</u>
9	<u>Over \$350,000 but</u>	<u>\$50.00 plus 12.00% of</u>
10	<u>not over \$400,000</u>	<u>excess over \$3,600</u>
11	<u>Over \$400,000</u>	<u>13% of all taxable</u>
12		<u>income.</u>

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

19 In the case of any taxable year beginning after December
 20 31, 2017:

21 If the taxable income is: The tax shall be:



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



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1 Over \$200,000 \$16,379.00 plus 11.00% of
2 excess over \$200,000.

3 In the case of any taxable year beginning after December
4 31, 2021:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$2,400</u>	<u>1.40% of taxable income</u>
<u>Over \$2,400 but</u>	<u>\$34.00 plus 3.20% of</u>
<u>not over \$4,800</u>	<u>excess over \$2,400</u>
<u>Over \$4,800 but</u>	<u>\$110.00 plus 5.50% of</u>
<u>not over \$9,600</u>	<u>excess over \$4,800</u>
<u>Over \$9,600 but</u>	<u>\$374.00 plus 6.40% of</u>
<u>not over \$14,400</u>	<u>excess over \$9,600</u>
<u>Over \$14,400 but</u>	<u>\$682.00 plus 6.80% of</u>
<u>not over \$19,200</u>	<u>excess over \$14,400</u>
<u>Over \$19,200 but</u>	<u>\$1,008.00 plus 7.20% of</u>
<u>not over \$24,000</u>	<u>excess over \$19,200</u>
<u>Over \$24,000 but</u>	<u>\$1,354.00 plus 7.60% of</u>
<u>not over \$36,000</u>	<u>excess over \$24,000</u>
<u>Over \$36,000 but</u>	<u>\$2,266.00 plus 7.90% of</u>
<u>not over \$48,000</u>	<u>excess over \$36,000</u>
<u>Over \$48,000 but</u>	<u>\$3,214.00 plus 8.25% of</u>



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1	<u>not over \$100,000</u>	<u>excess over \$48,000</u>
2	<u>Over \$100,000 but</u>	<u>\$2,266.00 plus 9.00% of</u>
3	<u>not over \$150,000</u>	<u>excess over \$36,000</u>
4	<u>Over \$150,000 but</u>	<u>\$1,008.00 plus 10.00% of</u>
5	<u>not over \$200,000</u>	<u>excess over \$19,200</u>
6	<u>Over \$200,000 but</u>	<u>\$374.00 plus 11.00% of</u>
7	<u>not over \$250,000</u>	<u>excess over \$9,600</u>
8	<u>Over \$250,000 but</u>	<u>\$34.00 plus 12.00% of</u>
9	<u>not over \$300,000</u>	<u>excess over \$2,400</u>
10	<u>Over \$300,000</u>	<u>13.00% of all taxable</u>
11		<u>income."</u>

12 2. By amending subsection (f) to read:

13 "(f) If a taxpayer has a net capital gain for any taxable
14 year to which this subsection applies, then the tax imposed by
15 this section shall not exceed the sum of:

16 (1) The tax computed at the rates and in the same manner
17 as if this subsection had not been enacted on the
18 greater of:

19 (A) The taxable income reduced by the amount of net
20 capital gain, or



1 (B) The amount of taxable income taxed at a rate
2 below [~~7.25~~] 11 per cent, plus
3 (2) A tax of [~~7.25~~] 11 per cent of the amount of taxable
4 income in excess of the amount determined under
5 paragraph (1).

6 This subsection shall apply to individuals, estates, and
7 trusts for taxable years beginning after December 31, 1986."

8 PART III

9 SECTION 3. Section 235-71, Hawaii Revised Statutes, is
10 amended as follows:

11 1. By amending subsections (a) and (b) to read:

12 "(a) A tax at the rates herein provided shall be assessed,
13 levied, collected, and paid for each taxable year on the taxable
14 income of every corporation, including a corporation carrying on
15 business in partnership, except that in the case of a regulated
16 investment company the tax is as provided by subsection (b) and
17 further that in the case of a real estate investment trust as
18 defined in section 856 of the Internal Revenue Code of 1954 the
19 tax is as provided in subsection (d). "Corporation" includes
20 any professional corporation incorporated pursuant to chapter
21 415A.



1 The tax on all taxable income shall be at the rate of [4.4
2 ~~per cent if the taxable income is not over \$25,000, 5.4 per cent~~
3 ~~if over \$25,000 but not over \$100,000, and on all over \$100,000,~~
4 ~~6.4] 9.6 per cent.~~

5 (b) In the case of a regulated investment company there is
6 imposed on the taxable income, computed as provided in sections
7 852 and 855 of the Internal Revenue Code but with the changes
8 and adjustments made by this chapter (without prejudice to the
9 generality of the foregoing, the deduction for dividends paid is
10 limited to such amount of dividends as is attributable to income
11 taxable under this chapter), a tax [~~consisting in the sum of the~~
12 ~~following: 4.4 per cent if the taxable income is not over~~
13 ~~\$25,000, 5.4 per cent if over \$25,000 but not over \$100,000, and~~
14 ~~on all over \$100,000, 6.4] of 9.6 per cent."~~

15 2. By amending subsection (d) to read:

16 "(d) In the case of a real estate investment trust there
17 is imposed on the taxable income, computed as provided in
18 sections 857 and 858 of the Internal Revenue Code but with the
19 changes and adjustments made by this chapter (without prejudice
20 to the generality of the foregoing, the deduction for dividends
21 paid is limited to such amount of dividends as is attributable



1 to income taxable under this chapter), a tax [~~consisting in the~~
2 ~~sum of the following: 4.4 per cent if the taxable income is not~~
3 ~~ever \$25,000, 5.4 per cent if over \$25,000 but not over~~
4 ~~\$100,000, and on all over \$100,000, 6.4] of 9.6 per cent. In
5 addition to any other penalty provided by law any real estate
6 investment trust whose tax liability for any taxable year is
7 deemed to be increased pursuant to section 859(b)(2)(A) or
8 860(c)(1)(A) after December 31, 1978, (relating to interest and
9 additions to tax determined with respect to the amount of the
10 deduction for deficiency dividends allowed) of the Internal
11 Revenue Code shall pay a penalty in an amount equal to the
12 amount of interest for which such trust is liable that is
13 attributable solely to such increase. The penalty payable under
14 this subsection with respect to any determination shall not
15 exceed one-half of the amount of the deduction allowed by
16 section 859(a), or 860(a) after December 31, 1978, of the
17 Internal Revenue Code for such taxable year."~~

18 PART IV

19 SECTION 4. Section 235-7, Hawaii Revised Statutes, is
20 amended by amending subsection (a) to read as follows:



1 "(a) There shall be excluded from gross income, adjusted
2 gross income, and taxable income:

3 (1) Income not subject to taxation by the State under the
4 Constitution and laws of the United States;

5 (2) Rights, benefits, and other income exempted from
6 taxation by section 88-91, having to do with the state
7 retirement system, and the rights, benefits, and other
8 income, comparable to the rights, benefits, and other
9 income exempted by section 88-91, under any other
10 public retirement system;

11 (3) Any compensation received in the form of a pension for
12 past services;

13 (4) Compensation paid to a patient affected with Hansen's
14 disease employed by the State or the United States in
15 any hospital, settlement, or place for the treatment
16 of Hansen's disease;

17 (5) Except as otherwise expressly provided, payments made
18 by the United States or this State, under an act of
19 Congress or a law of this State, which by express
20 provision or administrative regulation or
21 interpretation are exempt from both the normal and

1 surtaxes of the United States, even though not so
2 exempted by the Internal Revenue Code itself;
3 (6) Any income expressly exempted or excluded from the
4 measure of the tax imposed by this chapter by any
5 other law of the State, it being the intent of this
6 chapter not to repeal or supersede any such express
7 exemption or exclusion;
8 (7) Income received by each member of the reserve
9 components of the Army, Navy, Air Force, Marine Corps,
10 or Coast Guard of the United States of America, and
11 the Hawaii National Guard as compensation for
12 performance of duty, equivalent to pay received for
13 forty-eight drills (equivalent of twelve weekends) and
14 fifteen days of annual duty, at an:
15 (A) E-1 pay grade after eight years of service;
16 provided that this subparagraph shall apply to
17 taxable years beginning after December 31, 2004;
18 (B) E-2 pay grade after eight years of service;
19 provided that this subparagraph shall apply to
20 taxable years beginning after December 31, 2005;



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- 1 (C) E-3 pay grade after eight years of service;
- 2 provided that this subparagraph shall apply to
- 3 taxable years beginning after December 31, 2006;
- 4 (D) E-4 pay grade after eight years of service;
- 5 provided that this subparagraph shall apply to
- 6 taxable years beginning after December 31, 2007;
- 7 and
- 8 (E) E-5 pay grade after eight years of service;
- 9 provided that this subparagraph shall apply to
- 10 taxable years beginning after December 31, 2008;
- 11 (8) Income derived from the operation of ships or aircraft
- 12 if the income is exempt under the Internal Revenue
- 13 Code pursuant to the provisions of an income tax
- 14 treaty or agreement entered into by and between the
- 15 United States and a foreign country[;] provided that
- 16 the tax laws of the local governments of that country
- 17 reciprocally exempt from the application of all of
- 18 their net income taxes, the income derived from the
- 19 operation of ships or aircraft that are documented or
- 20 registered under the laws of the United States;



1 (9) The value of legal services provided by a legal
2 service plan to a taxpayer, the taxpayer's spouse, and
3 the taxpayer's dependents;

4 (10) Amounts paid, directly or indirectly, by a legal
5 service plan to a taxpayer as payment or reimbursement
6 for the provision of legal services to the taxpayer,
7 the taxpayer's spouse, and the taxpayer's dependents;

8 (11) Contributions by an employer to a legal service plan
9 for compensation (through insurance or otherwise) to
10 the employer's employees for the costs of legal
11 services incurred by the employer's employees, their
12 spouses, and their dependents; [~~and~~]

13 (12) Amounts received in the form of a monthly surcharge by
14 a utility acting on behalf of an affected utility
15 under section 269-16.3; provided that amounts retained
16 by the acting utility for collection or other costs
17 shall not be included in this exemption[~~-~~]; and

18 (13) Income received as unemployment compensation benefits
19 under chapter 383."

20 SECTION 5. Section 383-161, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 "(a) Any agreement by an individual to waive, release, or
2 commute the individual's rights to benefits or any other rights
3 under this chapter shall be void, except agreements to withhold
4 and deduct benefits for the following purposes:

5 (1) The payment of child support obligations as provided
6 in section 383-163.5;

7 (2) The voluntary deduction and withholding of federal
8 [~~and state~~] income tax from unemployment compensation
9 as provided in section 383-163.6; and

10 (3) The repayment of uncollected overissuances of food
11 stamp coupons as provided in section 383-163.7."

12 SECTION 6. Section 383-163, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§383-163 No assignment of benefits; waiver.** No
15 assignment, pledge, or encumbrance of any right to benefits
16 which are or may become due or payable under this chapter shall
17 be valid and the right to benefits shall not be subject to levy,
18 execution, attachment, garnishment, or any other remedy for the
19 collection of debt. No waiver of this section shall be valid,
20 except that this section shall not apply to:



1 (1) Section 383-163.5 with respect to the withholding and
2 deduction of benefits for the payment of child support
3 obligations;

4 (2) Section 383-163.6 with respect to the voluntary
5 withholding and deduction of benefits for payment of
6 federal [~~and state~~] income taxes; and

7 (3) Section 383-163.7 with respect to the withholding and
8 deduction of benefits for repayment of uncollected
9 overissuances of food stamp coupons."

10 SECTION 7. Section 383-163.6, Hawaii Revised Statutes, is
11 amended by amending subsection (a) to read as follows:

12 "(a) An individual filing a new claim for unemployment
13 compensation shall, at the time of filing the claim, be advised
14 that:

15 (1) Unemployment compensation is subject to federal [~~and~~
16 ~~state~~] income tax;

17 (2) Requirements exist pertaining to estimated tax
18 payments;

19 (3) The individual may elect to have federal income tax
20 deducted and withheld from the individual's payment of



1 unemployment compensation at the amount specified in
2 the federal Internal Revenue Code;
3 ~~[(4) The individual may elect to have state income tax~~
4 ~~deducted and withheld from the individual's payment of~~
5 ~~unemployment compensation at the amount specified in~~
6 ~~section 235-69;~~
7 ~~-(5)]~~ (4) The individual may elect to have state and local
8 income taxes deducted and withheld from the
9 individual's payment of unemployment compensation for
10 other states and localities outside this State at the
11 percentage established by the state or locality, if
12 the department by agreement with the other state or
13 locality is authorized to deduct and withhold income
14 tax; and
15 ~~[(6)]~~ (5) The individual shall be permitted to change a
16 previously elected withholding status no more than
17 once during a benefit year."

18 SECTION 8. Section 235-69, Hawaii Revised Statutes, is
19 repealed.

20 ~~["§235-69] Voluntary deduction and withholding of state~~
21 ~~income tax from unemployment compensation. An individual~~



1 ~~receiving unemployment compensation benefits under chapter 383~~
2 ~~may elect to have state income tax deducted and withheld from~~
3 ~~the individual's payment of unemployment compensation at the~~
4 ~~rate of five per cent in accordance with section 383-163.6."]~~


5 PART V

6 SECTION 9. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 10. This Act, upon its approval, shall apply to
9 taxable years beginning after December 31, 2021; provided that
10 part IV shall take effect retroactive to January 1, 2022.

11

INTRODUCED BY:

A handwritten signature in black ink, appearing to be 'BESS', is written over a horizontal line.



S.B. NO. 2242

Report Title:

Taxation; Personal Income Tax; Capital Gains; Corporate Tax;
Unemployment Benefits

Description:

Increases personal income tax revenues for high earning taxpayers by establishing new income tax brackets and rates that are applied against a broader level of taxable income for taxable years beginning after 12/31/2021. Increases the tax on capital gains. Increases the corporate income tax and establishes a single corporate income tax rate. Exempts unemployment payments from the State's personal income tax from 1/1/2022.

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

