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# A BILL FOR AN ACT

RELATING TO INCOME TAX REDUCTION.

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

1 SECTION 1. The legislature finds that our current income  
2 tax structure is overly complex with thirteen tax brackets.  
3 Also, that the current income tax rates need to be lowered, as  
4 exemplified by the constitutional mandated tax rebate of last year.

5 The purpose of this Act is to decrease the income tax  
6 burden on Hawaii's workers by reducing the tax rate and  
7 simplifying the tax brackets.

8 SECTION 2. Chapter 235-51, Hawaii Revised Statutes, is  
9 amended to read as follows:

10 **"PART III. INDIVIDUAL INCOME TAX**

11 **§235-51 Tax imposed on individuals; rates.** (a) There is  
12 hereby imposed on the taxable income of every:

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

15 (2) Surviving spouse,

16 a tax determined in accordance with the following table:



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1           In the case of any taxable year beginning after December  
2 31, 2017:

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



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

6           In the case of any taxable year beginning after December  
 7 31, 2023:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Under \$5,000</u>	<u>0% of taxable income</u>
<u>Over \$5,000 but</u>	<u>2.5%</u>
<u>not over \$54,000</u>	
<u>Over \$54,000 but</u>	<u>\$1,225.00 plus 5.0% of</u>
<u>not over \$146,000</u>	<u>excess over \$54,000</u>
<u>Over \$146,000 but</u>	<u>\$6,750.00 plus 7.5% of</u>
<u>not over \$300,000</u>	<u>excess over \$146,000</u>
<u>Over \$300,000</u>	<u>\$17,625.00 plus 10.0% of</u>
	<u>excess over \$300,000.</u>

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

4 In the case of any taxable year beginning after December  
5 31, 2017:

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



1	Over \$72,000 but	\$4,820.00 plus 8.25% of
2	not over \$225,000	excess over \$72,000
3	Over \$225,000 but	\$17,443.00 plus 9.00% of
4	not over \$262,500	excess over \$225,000
5	Over \$262,500 but	\$20,818.00 plus 10.00% of
6	not over \$300,000	excess over \$262,500
7	Over \$300,000	\$24,568.00 plus 11.00% of
8		excess over \$300,000.

9 In the case of any taxable year beginning after December  
10 31, 2023:

11	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
12	<u>Under \$3,800</u>	<u>0% of taxable income</u>
13	<u>Over \$3,800 but</u>	<u>2.5%</u>
14	<u>not over \$40,500</u>	
15	<u>Over \$40,500 but</u>	<u>\$918.00 plus 5.0% of</u>
16	<u>not over \$109,500</u>	<u>excess over \$40,500</u>
17	<u>Over \$109,500 but</u>	<u>\$4,368.00 plus 7.5% of</u>
18	<u>not over \$225,000</u>	<u>excess over \$109,500</u>
19	<u>Over \$225,000</u>	<u>\$13,031.00 plus 10.0% of</u>
20		<u>excess over \$225,000.</u>

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

7 In the case of any taxable year beginning after December  
8 31, 2017:

9	If the taxable income is:	The tax shall be:
10	Not over \$2,400	1.40% of taxable income
11	Over \$2,400 but	\$34.00 plus 3.20% of
12	not over \$4,800	excess over \$2,400
13	Over \$4,800 but	\$110.00 plus 5.50% of
14	not over \$9,600	excess over \$4,800
15	Over \$9,600 but	\$374.00 plus 6.40% of
16	not over \$14,400	excess over \$9,600
17	Over \$14,400 but	\$682.00 plus 6.80% of
18	not over \$19,200	excess over \$14,400
19	Over \$19,200 but	\$1,008.00 plus 7.20% of
20	not over \$24,000	excess over \$19,200
21	Over \$24,000 but	\$1,354.00 plus 7.60% of



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

12 In the case of any taxable year beginning after December  
 13 31, 2023:

14	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
15	<u>Under \$2,500</u>	<u>0% of taxable income</u>
16	<u>Over \$2,500 but</u>	<u>2.5%</u>
17	<u>not over \$27,000</u>	
18	<u>Over \$27,000 but</u>	<u>\$613.00 plus 5.0% of</u>
19	<u>not over \$73,000</u>	<u>excess over \$27,000</u>
20	<u>Over \$73,000 but</u>	<u>\$2,913.00 plus 7.5% of</u>
21	<u>not over \$150,000</u>	<u>excess over \$73,000</u>





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1           Over \$30,000 but                           \$1,888.00 plus 7.90% of  
2                   not over \$40,000                           excess over \$30,000  
3           Over \$40,000                           \$2,678.00 plus 8.25% of  
4   excess over \$40,000.

5           (e) Any taxpayer, other than a corporation, acting as a  
6 business entity in more than one state who is required by this  
7 chapter to file a return may elect to report and pay a tax of .5  
8 per cent of the taxpayer's annual gross sales if the:

- 9           (1) Taxpayer's only activities in this State consist of  
10                   sales;  
11           (2) Taxpayer does not own or rent real estate or tangible  
12                   personal property; and  
13           (3) Taxpayer's annual gross sales in or into this State  
14                   during the tax year is not in excess of \$100,000.

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

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



- 1 (A) The taxable income reduced by the amount of net  
2 capital gain, or  
3 (B) The amount of taxable income taxed at a rate  
4 below 7.25 per cent, plus  
5 (2) A tax of 7.25 per cent of the amount of taxable income  
6 in excess of the amount determined under paragraph  
7 (1).

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

10 SECTION 3. New statutory material is underscored.

11 SECTION 4. This Act, upon its approval, shall apply to  
12 taxable years beginning after December 31, 2023.

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INTRODUCED BY:



JAN 24 2023



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**Report Title:**

Taxation; Income Tax Rates.

**Description:**

Simplifies the tax structure to four brackets and reduces the tax rate.

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

HB HMIA 2023-41-06

