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## 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 Hawaii has one of  
2 the highest individual income tax rates in the country. Even a  
3 single filer working full time at the minimum wage of \$14 an  
4 hour, which is about \$29,000 a year, must pay \$1,363 plus 6.8  
5 per cent of excess over \$28,800. According to the United States  
6 Department of Housing and Urban Development in 2023, annual  
7 income of up to \$73,400 qualifies as low income for a single  
8 person in urban Honolulu. An individual at this income level is  
9 required to pay \$4,531 plus 7.9 per cent of anything over  
10 \$72,000. It is clear that Hawaii's individual income tax  
11 structure disproportionately burdens low- and moderate-income  
12 households.

13           Furthermore, filers at low- to medium-income levels  
14 contribute relatively little to overall individual income tax  
15 revenues. While some other states do impose a similar  
16 progressive tax, most do not have such high tax rates applied to  
17 lower tax brackets. According to the Hawaii state department of



1 taxation: "One of the reasons Hawaii ranks high [in tax burden]  
2 across all income levels is that higher rates apply early on the  
3 income spectrum and increase rapidly mean[ing] that most  
4 taxpayers are taxed at higher rates. Nearly all taxpayers are  
5 subjected to a relatively high rate." Hawaii is an unusual  
6 among states for imposing this inequitable tax system which  
7 highly burdens low- and moderate-income earners.

8       The State can maintain the same level of state revenue by  
9 repealing the individual income tax on those making \$20,000 or  
10 less per year and slowly scaling marginal tax rates for those  
11 making \$75,000 or less.       Revenue loss can be offset by  
12 increasing a several taxes by a small amount. Increasing the  
13 transient accommodations tax by 0.50 percent will likewise  
14 transfer the tax burden away from working residents onto  
15 tourists. Finally, the liquor tax has not been increased since  
16 1998, even as Hawaii's economy has grown and visitor industry  
17 boomed. Increasing the liquor and cigarette taxes by modest  
18 amounts will result in additional revenue from the state without  
19 unduly burdening citizens.

20       The purpose of this Act is to repeal the individual income  
21 tax for single and heads-of-household filers making less than



1 \$20,000 a year or \$40,000 a year for joint filers and scale low-  
2 and middle-income tax rates more slowly.

3 SECTION 2. Section 235-51, Hawaii Revised Statutes, is  
4 amended by amending subsections (a), (b), and (c) to read as  
5 follows:

6 "PART III. INDIVIDUAL INCOME TAX

7 §235-51 Tax imposed on individuals; rates. (a) There is  
8 hereby imposed on the taxable income of every:

9 (1) Taxpayer who files a joint return under section 235-  
10 93; and

11 (2) Surviving spouse,

12 a tax determined in accordance with the following table:

13 [~~In the case of any taxable year beginning after December~~  
14 ~~31, 2017:~~

15	<del>If the taxable income is:</del>	<del>The tax shall be:</del>
16	<del>Not over \$4,800</del>	<del>1.40% of taxable income</del>
17	<del>Over \$4,800 but</del>	<del>\$67.00 plus 3.20% of</del>
18	<del>not over \$9,600</del>	<del>excess over \$4,800</del>
19	<del>Over \$9,600 but</del>	<del>\$221.00 plus 5.50% of</del>
20	<del>not over \$19,200</del>	<del>excess over \$9,600</del>
21	<del>Over \$19,200 but</del>	<del>\$749.00 plus 6.40% of</del>



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

18 In the case of any taxable year beginning after December  
 19 31, 2024:

20	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
21	<u>Over \$40,000 but</u>	<u>\$1,008.00 plus 3.6% of</u>



1	<u>not over \$48,000</u>	<u>excess over \$40,000</u>
2	<u>Over \$48,000 but</u>	<u>\$1,354.00 plus 4.94% of</u>
3	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
4	<u>Over \$72,000 but</u>	<u>\$3,851.00 plus 6.72% of</u>
5	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
6	<u>Over \$96,000 but</u>	<u>\$5,784.00 plus 7.5% of</u>
7	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
8	<u>Over \$300,00 but</u>	<u>\$23,257.00 plus 9.00% of</u>
9	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
10	<u>Over \$350,000 but</u>	<u>\$27,757.00 plus 10.00% of</u>
11	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
12	<u>Over \$400,000</u>	<u>\$32,757.00 plus 11.00% of</u>
13		<u>excess over \$400,000.</u>

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

17 [~~In the case of any taxable year beginning after December~~  
 18 ~~31, 2017:~~

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



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



1        In the case of any taxable year beginning after December  
2 21, 2024:

3	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
4	<u>Over \$20,000 but</u>	<u>\$281.00 plus 2.60% of</u>
5	<u>not over \$21,600</u>	<u>excess over \$20,000</u>
6	<u>Over \$21,600 but</u>	<u>\$511.00 plus 3.4% of</u>
7	<u>not over \$28,800</u>	<u>excess over \$21,600</u>
8	<u>Over \$28,800 but</u>	<u>\$756.00 plus 3.6% of</u>
9	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
10	<u>Over \$36,000 but</u>	<u>\$1,320.00 plus 4.90% of</u>
11	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
12	<u>Over \$54,000 but</u>	<u>\$2,888.00 plus 6.72% of</u>
13	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
14	<u>Over \$72,000 but</u>	<u>\$4,097.00 plus 7.00% of</u>
15	<u>not over \$225,000</u>	<u>excess over \$72,000</u>
16	<u>Over \$225,000 but</u>	<u>\$17,443.00 plus 9.00% of</u>
17	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
18	<u>Over \$262,500 but</u>	<u>\$20,818.00 plus 10.00% of</u>
19	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
20	<u>Over \$300,000 but</u>	<u>\$24,568.00 plus 11.00% of</u>
21		<u>excess over \$300,000.</u>



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



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

12 In the case of any taxable year beginning after December  
 13 31, 2024:

14	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
15	<u>Over \$20,000 but</u>	<u>\$504.00 plus 3.60% of</u>
16	<u>not over \$24,000</u>	<u>excess over \$20,000</u>
17	<u>Over \$24,000 but</u>	<u>\$677.00 plus 3.8% of</u>
18	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
19	<u>Over \$36,000 but</u>	<u>\$1,473.00 plus 5.10% of</u>
20	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
21	<u>Over \$48,000 but</u>	<u>\$2,411.00 plus 6.20% of</u>



1	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
2	<u>Over \$150,000 but</u>	<u>\$11,629.00 plus 9.00% of</u>
3	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
4	<u>Over \$200,000</u>	<u>\$16,379.00 plus 11.00% of</u>
5		<u>excess over \$200,000."</u>

6 SECTION 3. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8 SECTION 4. This Act, upon its approval, shall apply to  
9 taxable years beginning after December 31, 2024.

10

INTRODUCED BY: *Jan M. ...*  
JAN 23 2024



# H.B. NO. 2587

**Report Title:**

Income Tax Rates; Reduce Cost of Living; Taxation; Affordability

**Description:**

Eliminates the income tax for single and heads-of-household filers making less than \$20,000 a year or \$40,000 a year for joint filers and scale low- and middle-income tax rates more slowly.

*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 2024-38-03

