

JAN 18 2023

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 coronavirus
2 (COVID-19) pandemic followed by an economic downturn and high
3 inflation rates have had significant impacts throughout the
4 State. Although some sectors of the economy have begun to
5 experience improvement, the recovery has been sharply uneven
6 with workers in middle and low-wage jobs being affected
7 disproportionately. This uneven recovery has expanded the gap
8 of income inequality that has steadily grown in the State for
9 generations, which has been further exacerbated by an increased
10 inflation rate of 7.5 per cent that diminishes minor wage gains.
11 The legislature further finds that the current economic climate
12 has adversely affected businesses in a variety of sectors,
13 including tourism.

14 The legislature also finds that according to a recent
15 University of Hawai'i Economic Research Organization (UHORO)
16 report, "[t]otal real income from all sources will drop more
17 than [five per cent] for this year as a whole and manage just



1 over [one per cent] growth in 2023, before firming." UHERO also
2 found that while tourism in the State is recovering and "will
3 likely escape an outright contraction in economic activity, it
4 will still be adversely affected by softer global conditions,
5 further interest rate hikes, and temporarily high inflation."

6 The legislature further finds that one consequence of the
7 current economic climate is significantly reduced tax revenue in
8 the State. Numerous state legislatures have been considering
9 taxing high-income earners at a higher rate in order to ensure
10 their ability to continue operating and providing vital services
11 to the public. The department of taxation has testified on
12 similar prior legislation that it would be able to administer
13 the rate changes proposed by a high-income earner tax increase
14 bill.

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

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



1 "(a) There is hereby imposed on the taxable income of
2 every:

3 (1) Taxpayer who files a joint return under section
4 235-93; and

5 (2) Surviving spouse,

6 a tax determined in accordance with the following table:

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

9	If the taxable income is:	The tax shall be:
10	Not over \$4,800	1.40% of taxable income
11	Over \$4,800 but	\$67.00 plus 3.20% of
12	not over \$9,600	excess over \$4,800
13	Over \$9,600 but	\$221.00 plus 5.50% of
14	not over \$19,200	excess over \$9,600
15	Over \$19,200 but	\$749.00 plus 6.40% of
16	not over \$28,800	excess over \$19,200
17	Over \$28,800 but	\$1,363.00 plus 6.80% of
18	not over \$38,400	excess over \$28,800
19	Over \$38,400 but	\$2,016.00 plus 7.20% of
20	not over \$48,000	excess over \$38,400
21	Over \$48,000 but	\$2,707.00 plus 7.60% of



1	not over \$72,000	excess over \$48,000
2	Over \$72,000 but	\$4,531.00 plus 7.90% of
3	not over \$96,000	excess over \$72,000
4	Over \$96,000 but	\$6,427.00 plus 8.25% of
5	not over \$300,000	excess over \$96,000
6	Over \$300,000 but	\$23,257.00 plus 9.00% of
7	not over \$350,000	excess over \$300,000
8	Over \$350,000 but	\$27,757.00 plus 10.00% of
9	not over \$400,000	excess over \$350,000
10	Over \$400,000	\$32,757.00 plus 11.00% of
11		excess over \$400,000.

12 In the case of any taxable year beginning after
13 December 31, 2022, but before January 1, 2029:

14	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
15	<u>Not over \$4,800</u>	<u>1.40% of taxable income</u>
16	<u>Over \$4,800 but</u>	<u>\$67.00 plus 3.20% of</u>
17	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
18	<u>Over \$9,600 but</u>	<u>\$221.00 plus 5.50% of</u>
19	<u>not over \$19,200</u>	<u>excess over \$9,600</u>
20	<u>Over \$19,200 but</u>	<u>\$749.00 plus 6.40% of</u>
21	<u>not over \$28,800</u>	<u>excess over \$19,200</u>



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1	<u>Over \$28,800 but</u>	<u>\$1,363.00 plus 6.80% of</u>
2	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
3	<u>Over \$38,400 but</u>	<u>\$2,016.00 plus 7.20% of</u>
4	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
5	<u>Over \$48,000 but</u>	<u>\$2,707.00 plus 7.60% of</u>
6	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
7	<u>Over \$72,000 but</u>	<u>\$4,531.00 plus 7.90% of</u>
8	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
9	<u>Over \$96,000 but</u>	<u>\$6,427.00 plus 8.25% of</u>
10	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
11	<u>Over \$300,000 but</u>	<u>\$23,257.00 plus 9.00% of</u>
12	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
13	<u>Over \$350,000 but</u>	<u>\$27,757.00 plus 10.00% of</u>
14	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
15	<u>Over \$400,000</u>	<u>\$32,757.00 plus 16.00% of</u>
16		<u>excess over \$400,000.</u>

17 In the case of any taxable year beginning after

18 December 31, 2028:

19	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
20	<u>Not over \$4,800</u>	<u>1.40% of taxable income</u>
21	<u>Over \$4,800 but</u>	<u>\$67.00 plus 3.20% of</u>



1	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
2	<u>Over \$9,600 but</u>	<u>\$221.00 plus 5.50% of</u>
3	<u>not over \$19,200</u>	<u>excess over \$9,600</u>
4	<u>Over \$19,200 but</u>	<u>\$749.00 plus 6.40% of</u>
5	<u>not over \$28,800</u>	<u>excess over \$19,200</u>
6	<u>Over \$28,800 but</u>	<u>\$1,363.00 plus 6.80% of</u>
7	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
8	<u>Over \$38,400 but</u>	<u>\$2,016.00 plus 7.20% of</u>
9	<u>not over \$48,000</u>	<u>excess over \$38,400</u>
10	<u>Over \$48,000 but</u>	<u>\$2,707.00 plus 7.60% of</u>
11	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
12	<u>Over \$72,000 but</u>	<u>\$4,531.00 plus 7.90% of</u>
13	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
14	<u>Over \$96,000 but</u>	<u>\$6,427.00 plus 8.25% of</u>
15	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
16	<u>Over \$300,000 but</u>	<u>\$23,257.00 plus 9.00% of</u>
17	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
18	<u>Over \$350,000 but</u>	<u>\$27,757.00 plus 10.00% of</u>
19	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
20	<u>Over \$400,000</u>	<u>\$32,757.00 plus 11.00% of</u>
21		<u>excess over \$400,000.</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
5 December 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



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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

10 December 31, 2022, but before January 1, 2029:

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



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1	<u>not over \$36,000</u>	<u>excess over \$28,800</u>
2	<u>Over \$36,000 but</u>	<u>\$2,030.00 plus 7.60% of</u>
3	<u>not over \$54,000</u>	<u>excess over \$36,000</u>
4	<u>Over \$54,000 but</u>	<u>\$3,398.00 plus 7.90% of</u>
5	<u>not over \$72,000</u>	<u>excess over \$54,000</u>
6	<u>Over \$72,000 but</u>	<u>\$4,820.00 plus 8.25% of</u>
7	<u>not over \$225,000</u>	<u>excess over \$72,000</u>
8	<u>Over \$225,000 but</u>	<u>\$17,443.00 plus 9.00% of</u>
9	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
10	<u>Over \$262,500 but</u>	<u>\$20,818.00 plus 10.00% of</u>
11	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
12	<u>Over \$300,000</u>	<u>\$24,568.00 plus 16.00% of</u>
13		<u>excess over \$300,000.</u>

14 In the case of any taxable year beginning after
 15 December 31, 2028:

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



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

19 (c) There is hereby imposed on the taxable income of (1)
20 every unmarried individual (other than a surviving spouse, or
21 the head of a household) and (2) on the taxable income of every



1 married individual who does not make a single return jointly
2 with the individual's spouse under section 235-93 a tax
3 determined in accordance with the following table:

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

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



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

In the case of any taxable year beginning after

December 31, 2022, but before January 1, 2029:

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



1	<u>not over \$24,000</u>	<u>excess over \$19,200</u>
2	<u>Over \$24,000 but</u>	<u>\$1,354.00 plus 7.60% of</u>
3	<u>not over \$36,000</u>	<u>excess over \$24,000</u>
4	<u>Over \$36,000 but</u>	<u>\$2,266.00 plus 7.90% of</u>
5	<u>not over \$48,000</u>	<u>excess over \$36,000</u>
6	<u>Over \$48,000 but</u>	<u>\$3,214.00 plus 8.25% of</u>
7	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
8	<u>Over \$150,000 but</u>	<u>\$11,629.00 plus 9.00% of</u>
9	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
10	<u>Over \$175,000 but</u>	<u>\$13,879.00 plus 10.00% of</u>
11	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
12	<u>Over \$200,000</u>	<u>\$16,379.00 plus 16.00% of</u>
13		<u>excess over \$200,000.</u>

14 In the case of any taxable year beginning after

15 December 31, 2028:

16	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
17	<u>Not over \$2,400</u>	<u>1.40% of taxable income</u>
18	<u>Over \$2,400 but</u>	<u>\$34.00 plus 3.20% of</u>
19	<u>not over \$4,800</u>	<u>excess over \$2,400</u>
20	<u>Over \$4,800 but</u>	<u>\$110.00 plus 5.50% of</u>
21	<u>not over \$9,600</u>	<u>excess over \$4,800</u>



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1 Over \$9,600 but \$374.00 plus 6.40% of
2 not over \$14,400 excess over \$9,600
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4 not over \$19,200 excess over \$14,400
5 Over \$19,200 but \$1,008.00 plus 7.20% of
6 not over \$24,000 excess over \$19,200
7 Over \$24,000 but \$1,354.00 plus 7.60% of
8 not over \$36,000 excess over \$24,000
9 Over \$36,000 but \$2,266.00 plus 7.90% of
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11 Over \$48,000 but \$3,214.00 plus 8.25% of
12 not over \$150,000 excess over \$48,000
13 Over \$150,000 but \$11,629.00 plus 9.00% of
14 not over \$175,000 excess over \$150,000
15 Over \$175,000 but \$13,879.00 plus 10.00% of
16 not over \$200,000 excess over \$175,000
17 Over \$200,000 \$16,379.00 plus 11.00% of
18 excess over \$200,000."

19 SECTION 3. New statutory material is underscored.

20



1 SECTION 4. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2022.

3

INTRODUCED BY: _____

Karl Rhoads



S.B. NO. 171

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. Applies to taxable years beginning after 12/31/22.

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

