

JAN 23 2025

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 over the past
2 several decades, income inequality has worsened in the State.
3 According to the Center on Budget and Policy Priorities, since
4 the 1970s, incomes for the State's richest households have grown
5 at double the rate of middle-class households, and at almost
6 five times the rate of the State's poorest households. As
7 income gains have increasingly gone to the highest earners,
8 wages have stagnated for most workers.

9 The legislature also finds that while the State's
10 highest-earning households have enjoyed the benefits of these
11 trends, they have not borne the appropriate corresponding
12 burden. A 2024 report by the Institute on Taxation and Economic
13 Policy found that the top twenty per cent of income earners in
14 the State paid a substantially lower share of household income
15 in taxes than the bottom eighty per cent. This state of affairs
16 allows the highest income earners to amass wealth, and the power
17 that comes with it, without paying their fair share of taxes in



S.B. NO. 1649

1 return. Moreover, it saddles the State's working families with
2 the burden of paying a greater portion of their household income
3 in taxes, though they can ill afford to do so.

4 The legislature further finds that Nobel Prize winning
5 economist Joseph Stiglitz has called an increase in the top
6 marginal income tax rates "[t]he most obvious reform . . . [to]
7 both raise needed revenues and soften America's extreme and
8 harmful inequality." According to the Center on Budget and
9 Policy Priorities, evidence indicates that increasing the
10 personal income tax rates for the highest earners "can generate
11 substantial revenue for public investments that boost a state's
12 productivity in the long run, without harming economic growth in
13 the short term." The increased revenues derived from an
14 increased tax rate for the highest earners would strengthen the
15 State's economy by funding essential public goods and services
16 and would provide benefits to families at all income levels,
17 whether by helping to create private wealth through research
18 grants and small business subsidies, or by providing essential
19 government programs that make it easier for working families to
20 achieve upward mobility. By simply paying their fair share, the
21 State's highest earners will be helping to fund investments in



1 people and communities that will provide long-term social and
2 economic benefits to the State.

3 Accordingly, the purpose of this Act is to increase the
4 income tax rate on the highest income earners in the State by
5 establishing a new income tax bracket for taxable years
6 beginning after December 31, 2029.

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

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

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

14 (2) Surviving spouse,

15 a tax determined in accordance with the following table:

16 In the case of any taxable year beginning after
17 December 31, 2017:

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



S.B. NO. 1649

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 but	\$6,427.00 plus 8.25% of
14	not over \$300,000	excess over \$96,000
15	Over \$300,000 but	\$23,257.00 plus 9.00% of
16	not over \$350,000	excess over \$300,000
17	Over \$350,000 but	\$27,757.00 plus 10.00% of
18	not over \$400,000	excess over \$350,000
19	Over \$400,000	\$32,757.00 plus 11.00% of
20		excess over \$400,000.

21 In the case of any taxable year beginning after



S.B. NO. 1649

1	December 31, 2024:	
2	If the taxable income is:	The tax shall be:
3	Not over \$19,200	1.40% of taxable income
4	Over \$19,200 but	\$269.00 plus 3.20% of
5	not over \$28,800	excess over \$19,200
6	Over \$28,800 but	\$576.00 plus 5.50% of
7	not over \$38,400	excess over \$28,800
8	Over \$38,400 but	\$1,104.00 plus 6.40% of
9	not over \$48,000	excess over \$38,400
10	Over \$48,000 but	\$1,718.00 plus 6.80% of
11	not over \$72,000	excess over \$48,000
12	Over \$72,000 but	\$3,350.00 plus 7.20% of
13	not over \$96,000	excess over \$72,000
14	Over \$96,000 but	\$5,078.00 plus 7.60% of
15	not over \$250,000	excess over \$96,000
16	Over \$250,000 but	\$16,782.00 plus 7.90% of
17	not over \$350,000	excess over \$250,000
18	Over \$350,000 but	\$24,682.00 plus 8.25% of
19	not over \$450,000	excess over \$350,000
20	Over \$450,000 but	\$32,932.00 plus 9.00% of
21	not over \$550,000	excess over \$450,000



S.B. NO. 1649

1 Over \$550,000 but \$41,932.00 plus 10.00% of
2 not over \$650,000 excess over \$550,000
3 Over \$650,000 \$51,932.00 plus 11.00% of
4 excess over \$650,000.

5 In the case of any taxable year beginning after
6 December 31, 2026:

7	If the taxable income is:	The tax shall be:
8	Not over \$28,800	1.40% of taxable income
9	Over \$28,800 but	\$403.00 plus 3.20% of
10	not over \$38,400	excess over \$28,800
11	Over \$38,400 but	\$710.00 plus 5.50% of
12	not over \$48,000	excess over \$38,400
13	Over \$48,000 but	\$1,238.00 plus 6.40% of
14	not over \$72,000	excess over \$48,000
15	Over \$72,000 but	\$2,774.00 plus 6.80% of
16	not over \$96,000	excess over \$72,000
17	Over \$96,000 but	\$4,406.00 plus 7.20% of
18	not over \$250,000	excess over \$96,000
19	Over \$250,000 but	\$15,494.00 plus 7.60% of
20	not over \$350,000	excess over \$250,000
21	Over \$350,000 but	\$23,094.00 plus 7.90% of



1	not over \$450,000	excess over \$350,000
2	Over \$450,000 but	\$30,994.00 plus 8.25% of
3	not over \$550,000	excess over \$450,000
4	Over \$550,000 but	\$39,244.00 plus 9.00% of
5	not over \$650,000	excess over \$550,000
6	Over \$650,000 but	\$48,244.00 plus 10.00% of
7	not over \$800,000	excess over \$650,000
8	Over \$800,000	\$63,244.00 plus 11.00% of
9		excess over \$800,000.

10 In the case of any taxable year beginning after
11 December 31, 2028:

12	If the taxable income is:	The tax shall be:
13	Not over \$38,400	1.40% of taxable income
14	Over \$38,400 but	\$538.00 plus 3.20% of
15	not over \$48,000	excess over \$38,400
16	Over \$48,000 but	\$845.00 plus 5.50% of
17	not over \$72,000	excess over \$48,000
18	Over \$72,000 but	\$2,165.00 plus 6.40% of
19	not over \$96,000	excess over \$72,000
20	Over \$96,000 but	\$3,701.00 plus 6.80% of
21	not over \$250,000	excess over \$96,000



S.B. NO. 1649

1	Over \$250,000 but	\$14,173.00 plus 7.20% of
2	not over \$350,000	excess over \$250,000
3	Over \$350,000 but	\$21,373.00 plus 7.60% of
4	not over \$450,000	excess over \$350,000
5	Over \$450,000 but	\$28,973.00 plus 7.90% of
6	not over \$550,000	excess over \$450,000
7	Over \$550,000 but	\$36,873.00 plus 8.25% of
8	not over \$650,000	excess over \$550,000
9	Over \$650,000 but	\$45,123.00 plus 9.00% of
10	not over \$800,000	excess over \$650,000
11	Over \$800,000 but	\$58,623.00 plus 10.00% of
12	not over \$950,000	excess over \$800,000
13	Over \$950,000	\$73,623.00 plus 11.00% of
14		excess over \$950,000.

15 In the case of any taxable year beginning after
 16 December 31, 2029:

17	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
18	<u>Over \$1,900,000</u>	<u>\$147,246.00 plus 16.00%</u>
19		<u>of excess over</u>
20		<u>\$1,900,000.</u>

21 (b) There is hereby imposed on the taxable income of every



1 head of a household a tax determined in accordance with the
2 following table:

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

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



S.B. NO. 1649

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

8 In the case of any taxable year beginning after
9 December 31, 2024:

10	If the taxable income is:	The tax shall be:
11	Not over \$14,400	1.40% of taxable income
12	Over \$14,400 but	\$202.00 plus 3.20% of
13	not over \$21,600	excess over \$14,400
14	Over \$21,600 but	\$432.00 plus 5.50% of
15	not over \$28,800	excess over \$21,600
16	Over \$28,800 but	\$828.00 plus 6.40% of
17	not over \$36,000	excess over \$28,800
18	Over \$36,000 but	\$1,289.00 plus 6.80% of
19	not over \$54,000	excess over \$36,000
20	Over \$54,000 but	\$2,513.00 plus 7.20% of
21	not over \$72,000	excess over \$54,000



S.B. NO. 1649

1	Over \$72,000 but	\$3,809.00 plus 7.60% of
2	not over \$187,500	excess over \$72,000
3	Over \$187,500 but	\$12,587.00 plus 7.90% of
4	not over \$262,500	excess over \$187,500
5	Over \$262,500 but	\$18,512.00 plus 8.25% of
6	not over \$337,500	excess over \$262,500
7	Over \$337,500 but	\$24,699.00 plus 9.00% of
8	not over \$412,500	excess over \$337,500
9	Over \$412,500 but	\$31,449.00 plus 10.00% of
10	not over \$487,500	excess over \$412,500
11	Over \$487,500	\$38,949.00 plus 11.00% of
12		excess over \$487,500.

13 In the case of any taxable year beginning after
14 December 31, 2026:

15	If the taxable income is:	The tax shall be:
16	Not over \$21,600	1.40% of taxable income
17	Over \$21,600 but	\$302.00 plus 3.20% of
18	not over \$28,800	excess over \$21,600
19	Over \$28,800 but	\$533.00 plus 5.50% of
20	not over \$36,000	excess over \$28,800
21	Over \$36,000 but	\$929.00 plus 6.40% of



S.B. NO. 1649

1	not over \$54,000	excess over \$36,000
2	Over \$54,000 but	\$2,081.00 plus 6.80% of
3	not over \$72,000	excess over \$54,000
4	Over \$72,000 but	\$3,305.00 plus 7.20% of
5	not over \$187,500	excess over \$72,000
6	Over \$187,500 but	\$11,621.00 plus 7.60% of
7	not over \$262,500	excess over \$187,500
8	Over \$262,500 but	\$17,321.00 plus 7.90% of
9	not over \$337,500	excess over \$262,500
10	Over \$337,500 but	\$23,246.00 plus 8.25% of
11	not over \$412,500	excess over \$337,500
12	Over \$412,500 but	\$29,433.00 plus 9.00% of
13	not over \$487,500	excess over \$412,500
14	Over \$487,500 but	\$36,183.00 plus 10.00% of
15	not over \$600,000	excess over \$487,500
16	Over \$600,000	\$47,433.00 plus 11.00% of
17		excess over \$600,000.

18 In the case of any taxable year beginning after

19 December 31, 2028:

20	If the taxable income is:	The tax shall be:
21	Not over \$28,800	1.40% of taxable income



S.B. NO. 1649

1	Over \$28,800 but	\$403.00 plus 3.20% of
2	not over \$36,000	excess over \$28,800
3	Over \$36,000 but	\$634.00 plus 5.50% of
4	not over \$54,000	excess over \$36,000
5	Over \$54,000 but	\$1,624.00 plus 6.40% of
6	not over \$72,000	excess over \$54,000
7	Over \$72,000 but	\$2,776.00 plus 6.80% of
8	not over \$187,500	excess over \$72,000
9	Over \$187,500 but	\$10,630.00 plus 7.20% of
10	not over \$262,500	excess over \$187,500
11	Over \$262,500 but	\$16,030.00 plus 7.60% of
12	not over \$337,500	excess over \$262,500
13	Over \$337,500 but	\$21,730.00 plus 7.90% of
14	not over \$412,500	excess over \$337,500
15	Over \$412,500 but	\$27,655.00 plus 8.25% of
16	not over \$487,500	excess over \$412,500
17	Over \$487,500 but	\$33,842.00 plus 9.00% of
18	not over \$600,000	excess over \$487,500
19	Over \$600,000 but	\$43,967.00 plus 10.00% of
20	not over \$712,500	excess over \$600,000
21	Over \$712,500	\$55,217.00 plus 11.00% of



1 excess over \$712,500.

2 In the case of any taxable year beginning after

3 December 31, 2029:

4	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
5	<u>Over \$1,425,000</u>	<u>\$110,434.00 plus 16.00%</u>
6		<u>of excess over</u>
7		<u>\$1,425,000.</u>

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

14 In the case of any taxable year beginning after
15 December 31, 2017:

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



S.B. NO. 1649

1	Over \$9,600 but	\$374.00 plus 6.40% of
2	not over \$14,400	excess over \$9,600
3	Over \$14,400 but	\$682.00 plus 6.80% of
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
10	not over \$48,000	excess over \$36,000
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 In the case of any taxable year beginning after
20 December 31, 2024:

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



S.B. NO. 1649

1	Not over \$9,600	1.40% of taxable income
2	Over \$9,600 but	\$134.00 plus 3.20% of
3	not over \$14,400	excess over \$9,600
4	Over \$14,400 but	\$288.00 plus 5.50% of
5	not over \$19,200	excess over \$14,400
6	Over \$19,200 but	\$552.00 plus 6.40% of
7	not over \$24,000	excess over \$19,200
8	Over \$24,000 but	\$859.00 plus 6.80% of
9	not over \$36,000	excess over \$24,000
10	Over \$36,000 but	\$1,675.00 plus 7.20% of
11	not over \$48,000	excess over \$36,000
12	Over \$48,000 but	\$2,539.00 plus 7.60% of
13	not over \$125,000	excess over \$48,000
14	Over \$125,000 but	\$8,391.00 plus 7.90% of
15	not over \$175,000	excess over \$125,000
16	Over \$175,000 but	\$12,341.00 plus 8.25% of
17	not over \$225,000	excess over \$175,000
18	Over \$225,000 but	\$16,466.00 plus 9.00% of
19	not over \$275,000	excess over \$225,000
20	Over \$275,000 but	\$20,966.00 plus 10.00% of
21	not over \$325,000	excess over \$275,000



S.B. NO. 1649

1	not over \$275,000	excess over \$225,000
2	Over \$275,000 but	\$19,622.00 plus 9.00% of
3	not over \$325,000	excess over \$275,000
4	Over \$325,000 but	\$24,122.00 plus 10.00% of
5	not over \$400,000	excess over \$325,000
6	Over \$400,000	\$31,622.00 plus 11.00% of
7		excess over \$400,000.

8 In the case of any taxable year beginning after
9 December 31, 2028:

10	If the taxable income is:	The tax shall be:
11	Not over \$19,200	1.40% of taxable income
12	Over \$19,200 but	\$269.00 plus 3.20% of
13	not over \$24,000	excess over \$19,200
14	Over \$24,000 but	\$422.00 plus 5.50% of
15	not over \$36,000	excess over \$24,000
16	Over \$36,000 but	\$1,082.00 plus 6.40% of
17	not over \$48,000	excess over \$36,000
18	Over \$48,000 but	\$1,850.00 plus 6.80% of
19	not over \$125,000	excess over \$48,000
20	Over \$125,000 but	\$7,086.00 plus 7.20% of
21	not over \$175,000	excess over \$125,000



S.B. NO. 1649

1	Over \$175,000 but	\$10,686.00 plus 7.60% of
2	not over \$225,000	excess over \$175,000
3	Over \$225,000 but	\$14,486.00 plus 7.90% of
4	not over \$275,000	excess over \$225,000
5	Over \$275,000 but	\$18,436.00 plus 8.25% of
6	not over \$325,000	excess over \$275,000
7	Over \$325,000 but	\$22,561.00 plus 9.00% of
8	not over \$400,000	excess over \$325,000
9	Over \$400,000 but	\$29,311.00 plus 10.00% of
10	not over \$475,000	excess over \$400,000
11	Over \$475,000	\$36,811.00 plus 11.00% of
12		excess over \$475,000.

13 In the case of any taxable year beginning after
14 December 31, 2029:

15	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
16	<u>Over \$950,000</u>	<u>\$73,622.00 plus 16.00% of</u>
17		<u>excess over \$950,000."</u>

18 SECTION 3. New statutory material is underscored.



S.B. NO. 1649

1 SECTION 4. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2029.

3

INTRODUCED BY:

Karl Rhoad



S.B. NO. 1649

Report Title:

Income Tax; Income Tax Brackets; Highest Income Earners

Description:

Increases the income tax rate on the highest income earners in the State by establishing a new tax bracket for taxable years beginning after 12/31/2029.

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