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## A BILL FOR AN ACT

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RELATING TO TAXATION.

**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 costs of living in the nation, making it difficult  
3 for many low- and middle-income households and working families  
4 to afford basic necessities. Additionally, Native Hawaiians are  
5 disproportionately affected by poverty and other economic  
6 challenges.

7       The legislature further finds that the population living on  
8 Oahu's west coast, which has a significant Native Hawaiian and  
9 Pacific islander population, experiences the highest percentage  
10 of residents living below the poverty level in the city and  
11 county of Honolulu. Reducing the tax burden for these  
12 communities would provide immediate financial relief, enabling  
13 families to afford basic necessities like housing, food,  
14 transportation, and education.

15       The purpose of this Act is to establish a two-year pilot  
16 program that reduces the income tax liability for certain



1 residents within the 96792 postal zip code on the island of  
2 Oahu.

3 SECTION 2. (a) The department of taxation shall establish  
4 a two-year pilot program that reduces the income tax liability  
5 for certain residents within the 96792 postal zip code on the  
6 island of Oahu.

7 (b) The reduction of income tax liability shall be as  
8 follows:

9 (1) If the adjusted gross income for a household is not  
10 over \$ , the reduction of income tax  
11 liability shall be fifty per cent;

12 (2) If the adjusted gross income for a household is over  
13 \$ but not over \$ , the reduction of  
14 income tax liability shall be thirty per cent;

15 (3) If the adjusted gross income for a household is over  
16 \$ but not over \$ , the reduction of  
17 income tax liability shall be ten per cent; and

18 (4) If the taxable income for a household is over  
19 \$ , the reduction of income tax liability  
20 shall be zero per cent.



1           (c) Individuals who are eligible to participate in the  
2 pilot program shall have continuously held a principal residence  
3 within the 96792 postal zip code area since at least January 1,  
4 2023, and have filed a resident state income tax return for  
5 taxable years 2023 and 2024 and each taxable year the individual  
6 participates in the pilot program, unless the individual had no  
7 taxable income for any taxable year. Copies of tax filings,  
8 utility bills, leases, rental agreements, deed or title to real  
9 property, or other proof of residency, as determined by the  
10 department of taxation, shall be submitted and verified by the  
11 department prior to participation in the pilot program.

12           (d) The director of taxation shall prepare forms as may be  
13 necessary for taxpayers to participate in the pilot program.  
14 The director may also require the taxpayer to furnish  
15 information to verify their eligibility to participate in the  
16 pilot program and may adopt rules necessary to effectuate the  
17 purposes of this Act.

18           (e) The department of taxation shall submit a report on  
19 the financial impact of the pilot program, including total  
20 savings by residents, and recommendations on the pilot program,  
21 including any proposed legislation, to the legislature no later



1 than twenty days prior to the convening of the regular session  
2 of 2028.

3 SECTION 3. This Act shall take effect upon its approval  
4 and apply to taxable years beginning after December 31, 2024,  
5 and shall be repealed on December 31, 2026.

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INTRODUCED BY: \_\_\_\_\_



JAN 16 2025



# H.B. NO. 232

**Report Title:**

Income Tax Reduction Pilot Program; Department of Taxation

**Description:**

Requires the department of taxation to establish a two-year pilot program that reduces the income tax liability for certain residents within the 96792 postal zip code on the island of Oahu. Establishes eligibility and reporting requirements. Repeals 12/31/2027.

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