

JAN 17 2025

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

2 SECTION 1. The legislature finds that tax equity is a
3 cornerstone of economic prosperity. According to the Institute
4 on Taxation and Economic Policy, Hawaii places the second-
5 highest tax burden on low-income households, with the State's
6 lowest-income households paying approximately fifteen per cent
7 of their income in state and local taxes. In comparison, the
8 State's highest earning households pay approximately nine per
9 cent of their income in state and local taxes.

10 The legislature further finds that the State's cost of
11 living continues to be burdensome for residents. According to
12 the National Low Income Housing Coalition's "Out of Reach 2023"
13 report, a minimum wage employee must work one hundred seven
14 hours per week to afford a one-bedroom rental home at fair
15 market prices. To afford a two-bedroom residence without being
16 cost burdened, the National Low Income Housing Coalition
17 estimates that a person must earn \$41.83 per hour.



1 In addition to the rising cost of housing, the costs of
2 utilities, groceries, and other everyday items have also
3 increased significantly within the last five years. Rising
4 costs of these essential items can also increase the burden on
5 lower-income families. Eliminating the general excise tax on
6 groceries and nonprescription drugs, for example, could ease the
7 tax burden on residents, especially lower-income households.
8 Further, money saved from a lower tax burden can be spent
9 elsewhere in the local economy, creating a circular effect that
10 will help many individuals and families statewide.

11 The legislature additionally finds that on August 8, 2023,
12 wildfires swept across Maui and killed at least one hundred two
13 people, making it one of the deadliest natural disasters in
14 United States history. The 2023 Maui wildfires destroyed over
15 two thousand two hundred structures, including homes and
16 businesses. Rebuilding after the devastating impacts of the
17 wildfires on the island of Maui could cost more than \$5 billion,
18 according to a preliminary assessment prepared by the university
19 of Hawaii pacific disaster center and local officials.

20 Accordingly, the purpose of this Act is to:



- (1) Exempt the sale of groceries and nonprescription drugs from the general excise tax;
- (2) Incrementally increase the general excise tax over four years to six per cent, with the increased proceeds during certain fiscal years to be deposited into the general fund;
- (3) Remove the state income tax on unemployment compensation benefits;
- (4) Double the standard deduction for individuals earning less than \$100,000 and joint returns earning less than \$200,000;
- (5) Repeal the incremental increases on standard income tax deduction amounts;
- (6) Increase the minimum income threshold exemption amount for the low-income household renters' income tax credit;
- (7) Remove the tax liability for the first \$100,000 of individual income earned; and
- (8) Establish a Maui recovery special fund for the impacts related to the 2023 Maui wildfires.

PART II



SECTION 2. Chapter 237, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

"§237- Exemption for groceries. There shall be exempted from, and excluded from the measure of, the taxes imposed by this chapter all of the gross proceeds or gross income received or derived from the sale of groceries.

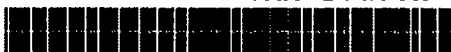
For purposes of this section, "groceries" means products eligible to be purchased with the United States Department of Agriculture's Supplemental Nutrition Assistance Program benefits.

§237- Exemption for nonprescription drugs. (a) There shall be exempted from, and excluded from the measure of, the taxes imposed by this chapter all of the gross proceeds or gross income received or derived from the sale of nonprescription drugs.

(b) For the purposes of this section:

"Drug" means:

(1) Articles recognized in the official United States Pharmacopoeia, official United States Pharmacopoeia Dispensing Information, official Homeopathic



Pharmacopoeia of the United States, or official
National Formulary, or any supplement to any of these
publications;

(2) Articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans or animals;

(3) Articles, other than food or clothing, intended to affect the structure or any function of the body of humans or animals; or

(4) Articles intended for use as a component of any article specified in paragraphs (1) through (3); provided that the term "drug" does not include devices or their components, parts or accessories, cosmetics, or liquor as defined in section 281-1.

"Nonprescription drug" means any packaged, bottled, or nonbulk chemical, drug, or medicine that may be lawfully sold without a practitioner's order."

PART III

SECTION 3. Section 237-13, Hawaii Revised Statutes, is amended to read as follows:



1 **"§237-13 Imposition of tax.** There is hereby levied and
2 shall be assessed and collected annually privilege taxes against
3 persons on account of their business and other activities in the
4 State measured by the application of rates against values of
5 products, gross proceeds of sales, or gross income, whichever is
6 specified, as follows:

7 (1) Tax on manufacturers.

8 (A) Upon every person engaging or continuing within
9 the State in the business of manufacturing,
10 including compounding, canning, preserving,
11 packing, printing, publishing, milling,
12 processing, refining, or preparing for sale,
13 profit, or commercial use, either directly or
14 through the activity of others, in whole or in
15 part, any article or articles, substance or
16 substances, commodity or commodities, the amount
17 of the tax to be equal to the value of the
18 articles, substances, or commodities,
19 manufactured, compounded, canned, preserved,
20 packed, printed, milled, processed, refined, or
21 prepared for sale, as shown by the gross proceeds



1 derived from the sale thereof by the manufacturer
2 or person compounding, preparing, or printing
3 them, multiplied by one-half of one per cent.

4 (B) The measure of the tax on manufacturers is the
5 value of the entire product for sale.

6 (2) Tax on business of selling tangible personal property;
7 producing.

8 (A) Upon every person engaging or continuing in the
9 business of selling any tangible personal
10 property whatsoever, there is likewise hereby
11 levied, and shall be assessed and collected, a
12 tax equivalent to [~~four~~]:

13 (i) _____ per cent for taxable years beginning
14 after December 31, 2025;

15 (ii) _____ per cent for taxable years beginning
16 after December 31, 2026;

17 (iii) _____ per cent for taxable years beginning
18 after December 31, 2027; and

19 (iv) _____ per cent for taxable years beginning
20 after December 31, 2028,



1 of the gross proceeds of sales of the business;
2 provided that, in the case of a wholesaler, the
3 tax shall be equal to one-half of one per cent of
4 the gross proceeds of sales of the business;
5 ~~[and]~~ provided further that insofar as the sale
6 of tangible personal property is a wholesale sale
7 under section 237-4(a)(8), the tax shall be one-
8 half of one per cent of the gross proceeds. Upon
9 every person engaging or continuing within this
10 State in the business of a producer, the tax
11 shall be equal to one-half of one per cent of the
12 gross proceeds of sales of the business, or the
13 value of the products, for sale.

14 (B) Gross proceeds of sales of tangible property in
15 interstate and foreign commerce shall constitute
16 a part of the measure of the tax imposed on
17 persons in the business of selling tangible
18 personal property, to the extent, under the
19 conditions, and in accordance with the provisions
20 of the Constitution of the United States and the
21 Acts of the Congress of the United States ~~[which]~~



1 that may be now in force or may be hereafter
2 adopted, and whenever there occurs in the State
3 an activity to which, under the Constitution and
4 Acts of Congress, there may be attributed gross
5 proceeds of sales, the gross proceeds shall be so
6 attributed.

7 (C) No manufacturer or producer, engaged in [~~such~~]
8 business in the State and selling the
9 manufacturer's or producer's products for
10 delivery outside of the State (for example,
11 consigned to a mainland purchaser via common
12 carrier f.o.b. Honolulu), shall be required to
13 pay the tax imposed in this chapter for the
14 privilege of so selling the products, and the
15 value or gross proceeds of sales of the products
16 shall be included only in determining the measure
17 of the tax imposed upon the manufacturer or
18 producer.

19 (D) A manufacturer or producer, engaged in [~~such~~]
20 business in the State, shall pay the tax imposed
21 in this chapter for the privilege of selling its



1 products in the State, and the value or gross
2 proceeds of sales of the products, thus subjected
3 to tax, may be deducted insofar as duplicated as
4 to the same products by the measure of the tax
5 upon the manufacturer or producer for the
6 privilege of manufacturing or producing in the
7 State; provided that no producer of agricultural
8 products who sells the products to a purchaser
9 who will process the products outside the State
10 shall be required to pay the tax imposed in this
11 chapter for the privilege of producing or selling
12 those products.

13 (E) A taxpayer selling to a federal cost-plus
14 contractor may make the election provided for by
15 paragraph (3) (C), and in that case the tax shall
16 be computed pursuant to the election,
17 notwithstanding this paragraph or paragraph (1)
18 to the contrary.

19 (F) The department, by rule, may require that a
20 seller take from the purchaser of tangible
21 personal property a certificate, in a form



- 1 prescribed by the department, certifying that the
- 2 sale is a sale at wholesale; provided that:
- 3 (i) Any purchaser who furnishes a certificate
- 4 shall be obligated to pay to the seller,
- 5 upon demand, the amount of the additional
- 6 tax that is imposed upon the seller whenever
- 7 the sale in fact is not at wholesale; and
- 8 (ii) The absence of a certificate in itself shall
- 9 give rise to the presumption that the sale
- 10 is not at wholesale unless the sales of the
- 11 business are exclusively at wholesale.
- 12 (3) Tax upon contractors.
- 13 (A) Upon every person engaging or continuing within
- 14 the State in the business of contracting, the tax
- 15 shall be equal to [~~four~~]:
- 16 (i) _____ per cent for taxable years beginning
- 17 after December 31, 2025;
- 18 (ii) _____ per cent for taxable years beginning
- 19 after December 31, 2026;
- 20 (iii) _____ per cent for taxable years beginning
- 21 after December 31, 2027; and



1 (iv) per cent for taxable years beginning
2 after December 31, 2028,

3 of the gross income of the business.

4 (B) In computing the tax levied under this paragraph,
5 there shall be deducted from the gross income of
6 the taxpayer so much thereof as has been included
7 in the measure of the tax levied under
8 subparagraph (A), on another taxpayer who is a
9 contractor, as defined in section 237-6; provided
10 that any person claiming a deduction under this
11 paragraph shall be required to show in the
12 person's return the name and general excise
13 number of the person paying the tax on the amount
14 deducted by the person.

15 (C) In computing the tax levied under this paragraph
16 against any federal cost-plus contractor, there
17 shall be excluded from the gross income of the
18 contractor so much thereof as fulfills the
19 following requirements:

20 (i) The gross income exempted shall constitute
21 reimbursement of costs incurred for



1 materials, plant, or equipment purchased
2 from a taxpayer licensed under this chapter,
3 not exceeding the gross proceeds of sale of
4 the taxpayer on account of the transaction;
5 and

6 (ii) The taxpayer making the sale shall have
7 certified to the department that the
8 taxpayer is taxable with respect to the
9 gross proceeds of the sale, and that the
10 taxpayer elects to have the tax on gross
11 income computed the same as upon a sale to
12 the state government.

13 (D) A person who, as a business or as a part of a
14 business in which the person is engaged, erects,
15 constructs, or improves any building or
16 structure, of any kind or description, or makes,
17 constructs, or improves any road, street,
18 sidewalk, sewer, or water system, or other
19 improvements on land held by the person (whether
20 held as a leasehold, fee simple, or otherwise),
21 upon the sale or other disposition of the land or



1 improvements, even if the work was not done
2 pursuant to a contract, shall be liable to the
3 same tax as if engaged in the business of
4 contracting, unless the person shows that at the
5 time the person was engaged in making the
6 improvements the person intended, and for the
7 period of at least one year after completion of
8 the building, structure, or other improvements
9 the person continued to intend to hold and not
10 sell or otherwise dispose of the land or
11 improvements. The tax in respect of the
12 improvements shall be measured by the amount of
13 the proceeds of the sale or other disposition
14 that is attributable to the erection,
15 construction, or improvement of such building or
16 structure, or the making, constructing, or
17 improving of the road, street, sidewalk, sewer,
18 or water system, or other improvements. The
19 measure of tax in respect of the improvements
20 shall not exceed the amount which would have been
21 taxable had the work been performed by another,



1 subject as in other cases to the deductions
2 allowed by subparagraph (B). Upon the election
3 of the taxpayer, this paragraph may be applied
4 notwithstanding that the improvements were not
5 made by the taxpayer, or were not made as a
6 business or as a part of a business, or were made
7 with the intention of holding the same. However,
8 this paragraph shall not apply in respect of any
9 proceeds that constitute or are in the nature of
10 rent, which shall be taxable under paragraph (9);
11 provided that insofar as the business of renting
12 or leasing real property under a lease is taxed
13 under section 237-16.5, the tax shall be levied
14 by section 237-16.5.

15 (4) Tax upon theaters, amusements, radio broadcasting
16 stations, etc.

17 (A) Upon every person engaging or continuing within
18 the State in the business of operating a theater,
19 opera house, moving picture show, vaudeville,
20 amusement park, dance hall, skating rink, radio
21 broadcasting station, or any other place at which



1 amusements are offered to the public, the tax
2 shall be equal to [~~four~~]:

3 (i) _____ per cent for taxable years beginning
4 after December 31, 2025;

5 (ii) _____ per cent for taxable years beginning
6 after December 31, 2026;

7 (iii) _____ per cent for taxable years beginning
8 after December 31, 2027; and

9 (iv) _____ per cent for taxable years beginning
10 after December 31, 2028,

11 of the gross income of the business, and in the
12 case of a sale of an amusement at wholesale under
13 section 237-4(a)(13), the tax shall be one-half
14 of one per cent of the gross income.

15 (B) The department may require that the person
16 rendering an amusement at wholesale take from the
17 licensed seller a certificate, in a form
18 prescribed by the department, certifying that the
19 sale is a sale at wholesale; provided that:

20 (i) Any licensed seller who furnishes a
21 certificate shall be obligated to pay to the

1 person rendering the amusement, upon demand,
2 the amount of additional tax that is imposed
3 upon the seller whenever the sale is not at
4 wholesale; and

5 (ii) The absence of a certificate in itself shall
6 give rise to the presumption that the sale
7 is not at wholesale unless the person
8 rendering the sale is exclusively rendering
9 the amusement at wholesale.

10 (5) Tax upon sales representatives, etc. Upon every
11 person classified as a representative or purchasing
12 agent under section 237-1, engaging or continuing
13 within the State in the business of performing
14 services for another, other than as an employee, there
15 is likewise hereby levied and shall be assessed and
16 collected a tax equal to [~~four~~]:

17 (i) _____ per cent for taxable years beginning
18 after December 31, 2025;

19 (ii) _____ per cent for taxable years beginning
20 after December 31, 2026;



1 (iii) per cent for taxable years beginning
2 after December 31, 2027; and

3 (iv) per cent for taxable years beginning
4 after December 31, 2028,

5 of the commissions and other compensation attributable
6 to the services so rendered by the person.

7 (6) Tax on service business.

8 (A) Upon every person engaging or continuing within
9 the State in any service business or calling
10 including professional services not otherwise
11 specifically taxed under this chapter, there is
12 likewise hereby levied and shall be assessed and
13 collected a tax equal to [~~four~~]:

14 (i) per cent for taxable years beginning
15 after December 31, 2025;

16 (ii) per cent for taxable years beginning
17 after December 31, 2026;

18 (iii) per cent for taxable years beginning
19 after December 31, 2027; and

20 (iv) per cent for taxable years beginning
21 after December 31, 2028,



1 of the gross income of the business, and in the
2 case of a wholesaler under section 237-4(a)(10),
3 the tax shall be equal to one-half of one per
4 cent of the gross income of the business.

5 (B) The department may require that the person
6 rendering a service at wholesale take from the
7 licensed seller a certificate, in a form
8 prescribed by the department, certifying that the
9 sale is a sale at wholesale; provided that:

10 (i) Any licensed seller who furnishes a
11 certificate shall be obligated to pay to the
12 person rendering the service, upon demand,
13 the amount of additional tax that is imposed
14 upon the seller whenever the sale is not at
15 wholesale; and

16 (ii) The absence of a certificate in itself shall
17 give rise to the presumption that the sale
18 is not at wholesale unless the person
19 rendering the sale is exclusively rendering
20 services at wholesale.

1 (C) Where any person is engaged in the business of
2 selling interstate or foreign common carrier
3 telecommunication services within and without the
4 State, other than as a home service provider, the
5 tax shall be imposed on that portion of gross
6 income received by a person from service which is
7 originated or terminated in this State and is
8 charged to a telephone number, customer, or
9 account in this State notwithstanding any other
10 state law (except for the exemption under section
11 237-23(a)(1)) to the contrary. If, under the
12 Constitution and laws of the United States, the
13 entire gross income as determined under this
14 paragraph of a business selling interstate or
15 foreign common carrier telecommunication services
16 cannot be included in the measure of the tax, the
17 gross income shall be apportioned as provided in
18 section 237-21; provided that the apportionment
19 factor and formula shall be the same for all
20 persons providing those services in the State.



1 (D) Where any person is engaged in the business of a
2 home service provider, the tax shall be imposed
3 on the gross income received or derived from
4 providing interstate or foreign mobile
5 telecommunications services to a customer with a
6 place of primary use in this State when the
7 services originate in one state and terminate in
8 another state, territory, or foreign country;
9 provided that all charges for mobile
10 telecommunications services which are billed by
11 or for the home service provider are deemed to be
12 provided by the home service provider at the
13 customer's place of primary use, regardless of
14 where the mobile telecommunications originate,
15 terminate, or pass through; provided further that
16 the income from charges specifically derived from
17 interstate or foreign mobile telecommunications
18 services, as determined by books and records that
19 are kept in the regular course of business by the
20 home service provider in accordance with section
21 239-24, shall be apportioned under any



1 apportionment factor or formula adopted under
2 subparagraph (C). Gross income shall not
3 include:

4 (i) Gross receipts from mobile
5 telecommunications services provided to a
6 customer with a place of primary use outside
7 this State;

8 (ii) Gross receipts from mobile
9 telecommunications services that are subject
10 to the tax imposed by chapter 239;

11 (iii) Gross receipts from mobile
12 telecommunications services taxed under
13 section 237-13.8; and

14 (iv) Gross receipts of a home service provider
15 acting as a serving carrier providing mobile
16 telecommunications services to another home
17 service provider's customer.

18 For the purposes of this paragraph, "charges for
19 mobile telecommunications services", "customer",
20 "home service provider", "mobile
21 telecommunications services", "place of primary

1 use", and "serving carrier" have the same

2 [~~meaning~~] meanings as defined in section 239-22.

3 (7) Tax on insurance producers. Upon every person engaged
4 as a licensed producer pursuant to chapter 431, there
5 is hereby levied and shall be assessed and collected a
6 tax equal to 0.15 per cent of the commissions due to
7 that activity.

8 (8) Tax on receipts of sugar benefit payments. Upon the
9 amounts received from the United States government by
10 any producer of sugar (or the producer's legal
11 representative or heirs), as defined under and by
12 virtue of the Sugar Act of 1948, as amended, or other
13 Acts of the Congress of the United States relating
14 thereto, there is hereby levied a tax of one-half of
15 one per cent of the gross amount received; provided
16 that the tax levied hereunder on any amount so
17 received and actually disbursed to another by a
18 producer in the form of a benefit payment shall be
19 paid by the person or persons to whom the amount is
20 actually disbursed, and the producer actually making a
21 benefit payment to another shall be entitled to claim



1 on the producer's return a deduction from the gross
2 amount taxable hereunder in the sum of the amount so
3 disbursed. The amounts taxed under this paragraph
4 shall not be taxable under any other paragraph,
5 subsection, or section of this chapter.

6 (9) Tax on other business. Upon every person engaging or
7 continuing within the State in any business, trade,
8 activity, occupation, or calling not included in the
9 preceding paragraphs or any other provisions of this
10 chapter, there is likewise hereby levied and shall be
11 assessed and collected, a tax equal to [~~four~~]:

12 (A) _____ per cent for taxable years beginning after
13 December 31, 2025;

14 (B) _____ per cent for taxable years beginning after
15 December 31, 2026;

16 (C) _____ per cent for taxable years beginning after
17 December 31, 2027; and

18 (D) _____ per cent for taxable years beginning after
19 December 31, 2028,

20 of the gross income thereof. In addition, the rate
21 prescribed by this paragraph shall apply to a business



1 taxable under one or more of the preceding paragraphs
2 or other provisions of this chapter, as to any gross
3 income thereof not taxed thereunder as gross income or
4 gross proceeds of sales or by taxing an equivalent
5 value of products, unless specifically exempted."

6 SECTION 4. Section 237-15, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§237-15 Technicians.** When technicians supply dentists or
9 physicians with dentures, orthodontic devices, braces, and
10 similar items [~~which~~] that have been prepared by the technician
11 in accordance with specifications furnished by the dentist or
12 physician, and such items are to be used by the dentist or
13 physician in the dentist's or physician's professional practice
14 for a particular patient who is to pay the dentist or physician
15 for the same as a part of the dentist's or physician's
16 professional services, the technician shall be taxed as though
17 the technician were a manufacturer selling a product to a
18 licensed retailer, rather than at the rate [~~of four per cent~~
19 ~~which~~] that is generally applied to professions and services."

20 SECTION 5. Section 237-16.5, Hawaii Revised Statutes, is
21 amended as follows:



1 1. By amending subsection (a) to read:

2 "(a) This section relates to the leasing of real property
3 by a lessor to a lessee. There is hereby levied, and shall be
4 assessed and collected annually, a privilege tax against persons
5 engaging or continuing within the State in the business of
6 leasing real property to another, equal to [~~four~~]:

7 (1) per cent for taxable years beginning after
8 December 31, 2025;

9 (2) per cent for taxable years beginning after
10 December 31, 2026;

11 (3) per cent for taxable years beginning after
12 December 31, 2027; and

13 (4) per cent for taxable years beginning after
14 December 31, 2028,

15 of the gross proceeds or gross income received or derived from
16 the leasing; provided that where real property is subleased by a
17 lessee to a sublessee, the lessee, as provided in this section,
18 shall be allowed a deduction from the amount of gross proceeds
19 or gross income received from its sublease of the real property.
20 The deduction shall be in the amount allowed under this section.



1 All deductions under this section and the name and general
2 excise tax number of the lessee's lessor shall be reported on
3 the general excise tax return. Any deduction allowed under this
4 section shall only be allowed with respect to leases and
5 subleases in writing and relating to the same real property."

6 2. By amending subsection (f) to read:

7 "(f) This section shall not cause the tax upon a lessor,
8 with respect to any item of the lessor's gross proceeds or gross
9 income, to exceed [~~four~~]:

10 (1) _____ per cent for taxable years beginning after
11 December 31, 2025;

12 (2) _____ per cent for taxable years beginning after
13 December 31, 2026;

14 (3) _____ per cent for taxable years beginning after
15 December 31, 2027; and

16 (4) _____ per cent for taxable years beginning after
17 December 31, 2028."

18 SECTION 6. Section 237-18, Hawaii Revised Statutes, is
19 amended by amending subsection (f) to read as follows:

20 "(f) Where tourism related services are furnished through
21 arrangements made by a travel agency or tour packager and the



1 gross income is divided between the provider of the services and
2 the travel agency or tour packager, the tax imposed by this
3 chapter shall apply to each such person with respect to such
4 person's respective portion of the proceeds, and no more.

5 As used in this subsection "tourism related services" means
6 catamaran cruises, canoe rides, dinner cruises, lei greetings,
7 transportation included in a tour package, sightseeing tours not
8 subject to chapter 239, admissions to luaus, dinner shows,
9 extravaganzas, cultural and educational facilities, and other
10 services rendered directly to the customer or tourist, but only
11 if the providers of the services other than air transportation
12 are subject to a [~~four per cent~~] tax rate of:

13 (1) _____ per cent for taxable years beginning after
14 December 31, 2025;

15 (2) _____ per cent for taxable years beginning after
16 December 31, 2026;

17 (3) _____ per cent for taxable years beginning after
18 December 31, 2027; and

19 (4) _____ per cent for taxable years beginning after
20 December 31, 2028,

21 under this chapter or chapter 239."



1 SECTION 7. Section 237-31, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§237-31 Remittances.** (a) All remittances of taxes
4 imposed by this chapter shall be made by money, bank draft,
5 check, cashier's check, money order, or certificate of deposit
6 to the office of the department of taxation to which the return
7 was transmitted.

8 (b) The department shall issue its receipts therefor to
9 the taxpayer and shall pay the moneys into the state treasury as
10 a state realization, to be kept and accounted for as provided by
11 law; provided that:

12 (1) A sum, not to exceed \$5,000,000, from all general
13 excise tax revenues realized by the State shall be
14 deposited in the state treasury in each fiscal year to
15 the credit of the compound interest bond reserve fund;

16 (2) A sum from all general excise tax revenues realized by
17 the State that is equal to one-half of the total
18 amount of funds appropriated or transferred out of the
19 hurricane reserve trust fund under sections 4 and 5 of
20 Act 62, Session Laws of Hawaii 2011, shall be
21 deposited into the hurricane reserve trust fund in



fiscal year 2013-2014 and in fiscal year 2014-2015;
provided that the deposit required in each fiscal year
shall be made by October 1 of that fiscal year; and

(3) Commencing with fiscal year 2018-2019, a sum from all general excise tax revenues realized by the State that represents the difference between the state public employer's annual required contribution for the separate trust fund established under section 87A-42 and the amount of the state public employer's contributions into that trust fund shall be deposited to the credit of the State's annual required contribution into that trust fund in each fiscal year, as provided in section 87A-42.

(c) Notwithstanding subsection (b), for taxable years beginning on or after January 1, 2025 and ending on or before December 31, 2028, the additional revenues generated and collected from the increase in general excise tax rates imposed by sections 3, 4, 5, and 6 of Act _____, Session Laws of Hawaii 2025, shall be deposited into the general fund."

PART IV

SECTION 8. Section 235-7, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There shall be excluded from gross income, adjusted gross income, and taxable income:

(1) Income not subject to taxation by the State under the Constitution and laws of the United States;

(2) Rights, benefits, and other income exempted from taxation by section 88-91, having to do with the state retirement system, and the rights, benefits, and other income, comparable to the rights, benefits, and other income exempted by section 88-91, under any other public retirement system;

(3) Any compensation received in the form of a pension for past services;

(4) Compensation paid to a patient affected with Hansen's disease employed by the State or the United States in any hospital, settlement, or place for the treatment of Hansen's disease;

(5) Except as otherwise expressly provided, payments made by the United States or this State, under an act of Congress or a law of this State, which by express



1 provision or administrative regulation or
2 interpretation are exempt from both the normal and
3 surtaxes of the United States, even though not so
4 exempted by the Internal Revenue Code itself;

5 (6) Any income expressly exempted or excluded from the
6 measure of the tax imposed by this chapter by any
7 other law of the State, it being the intent of this
8 chapter not to repeal or supersede any such express
9 exemption or exclusion;

10 (7) Income received by each member of the reserve
11 components of the Army, Navy, Air Force, Marine Corps,
12 or Coast Guard of the United States of America, and
13 the Hawaii National Guard as compensation for
14 performance of duty, equivalent to pay received for
15 forty-eight drills (equivalent of twelve weekends) and
16 fifteen days of annual duty, at an:

17 (A) E-1 pay grade after eight years of service;
18 provided that this subparagraph shall apply to
19 taxable years beginning after December 31, 2004;



1 (B) E-2 pay grade after eight years of service;
2 provided that this subparagraph shall apply to
3 taxable years beginning after December 31, 2005;

4 (C) E-3 pay grade after eight years of service;
5 provided that this subparagraph shall apply to
6 taxable years beginning after December 31, 2006;

7 (D) E-4 pay grade after eight years of service;
8 provided that this subparagraph shall apply to
9 taxable years beginning after December 31, 2007;

10 and

11 (E) E-5 pay grade after eight years of service;
12 provided that this subparagraph shall apply to
13 taxable years beginning after December 31, 2008;

14 (8) Income derived from the operation of ships or aircraft
15 if the income is exempt under the Internal Revenue
16 Code pursuant to the provisions of an income tax
17 treaty or agreement entered into by and between the
18 United States and a foreign country[+];[+] provided
19 that the tax laws of the local governments of that
20 country reciprocally exempt from the application of
21 all of their net income taxes, the income derived from



1 the operation of ships or aircraft that are documented
2 or registered under the laws of the United States;

3 (9) The value of legal services provided by a legal
4 service plan to a taxpayer, the taxpayer's spouse, and
5 the taxpayer's dependents;

6 (10) Amounts paid, directly or indirectly, by a legal
7 service plan to a taxpayer as payment or reimbursement
8 for the provision of legal services to the taxpayer,
9 the taxpayer's spouse, and the taxpayer's dependents;

10 (11) Contributions by an employer to a legal service plan
11 for compensation (through insurance or otherwise) to
12 the employer's employees for the costs of legal
13 services incurred by the employer's employees, their
14 spouses, and their dependents; ~~and~~

15 (12) Amounts received in the form of a monthly surcharge by
16 a utility acting on behalf of an affected utility
17 under section 269-16.3; provided that amounts retained
18 by the acting utility for collection or other costs
19 shall not be included in this exemption~~[-]~~; and

20 (13) Income received as unemployment compensation benefits
21 under chapter 383."



1 SECTION 9. Section 383-163.6, Hawaii Revised Statutes, is
2 amended by amending its title and subsection (a) to read as
3 follows:

4 "~~[+]~~\$383-163.6~~[+]~~ Voluntary deduction and withholding of
5 federal and state income taxes. (a) An individual filing a new
6 claim for unemployment compensation shall, at the time of filing
7 the claim, be advised that:

8 (1) Unemployment compensation is subject to federal ~~[and~~
9 ~~state]~~ income tax;

10 (2) Requirements exist pertaining to estimated tax
11 payments;

12 (3) The individual may elect to have federal income tax
13 deducted and withheld from the individual's payment of
14 unemployment compensation at the amount specified in
15 the federal Internal Revenue Code;

16 (4) The individual may elect to have state income tax
17 deducted and withheld from the individual's payment of
18 unemployment compensation at the amount specified in
19 section 235-69;

20 (5) The individual may elect to have state and local
21 income taxes deducted and withheld from the



1 individual's payment of unemployment compensation for
2 other states and localities outside this State at the
3 percentage established by the state or locality, if
4 the department by agreement with the other state or
5 locality is authorized to deduct and withhold income
6 tax; and

7 (6) The individual shall be permitted to change a
8 previously elected withholding status no more than
9 once during a benefit year."

10 PART V

11 SECTION 10. Section 235-2.4, Hawaii Revised Statutes, is
12 amended by amending subsection (a) to read as follows:

13 "(a) Section 63 (with respect to taxable income defined)
14 of the Internal Revenue Code shall be operative for the purposes
15 of this chapter, subject to the following:

16 (1) Section 63(c)(1)(B) (relating to the additional
17 standard deduction), 63(c)(1)(C) (relating to the real
18 property tax deduction), 63(c)(1)(D) (relating to the
19 disaster loss deduction), 63(c)(1)(E) (relating to the
20 motor vehicle sales tax deduction), 63(c)(4) (relating
21 to inflation adjustments), 63(c)(7) (defining the real



1 property tax deduction), 63(c)(8) (defining the
2 disaster loss deduction), 63(c)(9) (defining the motor
3 vehicle sales tax deduction), and 63(f) (relating to
4 additional amounts for the aged or blind) of the
5 Internal Revenue Code shall not be operative for
6 purposes of this chapter;

7 (2) Section 63(c)(2) (relating to the basic standard
8 deduction) of the Internal Revenue Code shall be
9 operative, except that the standard deduction amounts
10 provided therein shall instead mean:

11 (A) \$4,400 or \$8,800 for a return with an adjusted
12 gross income of less than \$200,000, in the case
13 of:

14 (i) A joint return as provided by section
15 235-93; or

16 (ii) A surviving spouse (as defined in section
17 2(a) of the Internal Revenue Code);

18 (B) \$3,212 or \$6,424 for a return with an adjusted
19 gross income less than \$100,000, in the case of a
20 head of household (as defined in section 2(b) of
21 the Internal Revenue Code);



1 (C) \$2,200 or \$4,400 for a return with an adjusted
2 gross income less than \$100,000, in the case of
3 an individual who is not married and who is not a
4 surviving spouse or head of household;

5 (D) \$2,200 or \$4,400 for a return with an adjusted
6 gross income less than \$100,000, in the case of a
7 married individual filing a separate return;

8 ~~[(E) For taxable years beginning after December 31,~~
9 ~~2023;~~

10 ~~(i) \$8,800 in the case of a joint return as~~
11 ~~provided by section 235-93 or a surviving~~
12 ~~spouse (as defined in section 2(a) of the~~
13 ~~Internal Revenue Code);~~

14 ~~(ii) \$6,424 in the case of a head of household~~
15 ~~(as defined in section 2(b) of the Internal~~
16 ~~Revenue Code);~~

17 ~~(iii) \$4,400 in the case of an individual who is~~
18 ~~not married and who is not a surviving~~
19 ~~spouse or head of household; or~~

20 ~~(iv) \$4,400 in the case of a married individual~~
21 ~~filing a separate return;~~



~~(F) For taxable years beginning after December 31,
2025:~~

~~(i) \$16,000 in the case of a joint return as
provided by section 235-93 or a surviving
spouse (as defined in section 2(a) of the
Internal Revenue Code);~~

~~(ii) \$12,000 in the case of a head of household
(as defined in section 2(b) of the Internal
Revenue Code);~~

~~(iii) \$8,000 in the case of an individual who is
not married and who is not a surviving
spouse or head of household; or~~

~~(iv) \$8,000 in the case of a married individual
filing a separate return;~~

~~(G) For taxable years beginning after December 31,
2027:~~

~~(i) \$18,000 in the case of a joint return as
provided by section 235-93 or a surviving
spouse (as defined in section 2(a) of the
Internal Revenue Code);~~

~~(ii) \$13,500 in the case of a head of household~~



~~(as defined in section 2(b) of the Internal Revenue Code);~~

~~(iii) \$9,000 in the case of an individual who is not married and who is not a surviving spouse or head of household; or~~

~~(iv) \$9,000 in the case of a married individual filing a separate return;~~

~~(H) For taxable years beginning after December 31, 2029:~~

~~(i) \$20,000 in the case of a joint return as provided by section 235-93 or a surviving spouse (as defined in section 2(a) of the Internal Revenue Code);~~

~~(ii) \$15,000 in the case of a head of household (as defined in section 2(b) of the Internal Revenue Code);~~

~~(iii) \$10,000 in the case of an individual who is not married and who is not a surviving spouse or head of household; or~~

~~(iv) \$10,000 in the case of a married individual filing a separate return; and~~



~~(I) For taxable years beginning after December 31,~~
~~2030:~~

~~(i) \$24,000 in the case of a joint return as~~
~~provided by section 235-93 or a surviving~~
~~spouse (as defined in section 2(a) of the~~
~~Internal Revenue Code);~~

~~(ii) \$18,000 in the case of a head of household~~
~~(as defined in section 2(b) of the Internal~~
~~Revenue Code);~~

~~(iii) \$12,000 in the case of an individual who is~~
~~not married and who is not a surviving~~
~~spouse or head of household; or~~

~~(iv) \$12,000 in the case of a married individual~~
~~filing a separate return;]~~

(3) Section 63(c)(5) (limiting the basic standard
deduction in the case of certain dependents) of the
Internal Revenue Code shall be operative, except that
the limitation shall be the greater of \$500 or the
individual's earned income; and

(4) The standard deduction amount for nonresidents shall
be calculated pursuant to section 235-5."



1 PART VI

2 SECTION 11. Section 235-55.7, Hawaii Revised Statutes, is
3 amended as follows:

4 1. By amending subsections (a) through (c) to read:

5 "(a) As used in this section:

6 ~~[(1)]~~ "Adjusted gross income" ~~[is defined by section~~
7 ~~235-1.]~~ has the same meaning as defined in title 26 United
8 States Code section 62, Internal Revenue Code of 1986, as
9 amended.

10 ~~[(2)]~~ "Qualified exemption" includes those exemptions
11 permitted under this chapter; provided that a person for whom
12 exemption is claimed has physically resided in the State for
13 more than nine months during the taxable year; ~~[and]~~ provided
14 further that multiple ~~[exemption]~~ exemptions shall not be
15 granted because of deficiencies in vision, hearing, or other
16 disability.

17 ~~[(3)]~~ "Rent" means the amount paid in cash in any taxable
18 year for the occupancy of a dwelling place ~~[which]~~ that is used
19 by a resident taxpayer or the resident taxpayer's immediate
20 family as the principal residence in this State. Rent is
21 limited to the amount paid for the occupancy of the dwelling



1 place only, [~~and~~] or is exclusive of charges for utilities,
2 parking stalls, storage of goods, yard services, furniture,
3 furnishings, and the like. Rent shall not include any rental
4 claimed as a deduction from gross income or adjusted gross
5 income for income tax purposes, any ground rental paid for use
6 of land only, [~~and~~] or any rent allowance or subsidies received.

7 (b) Each resident taxpayer who occupies and pays rent for
8 real property within the State as the resident taxpayer's
9 residence or the residence of the resident taxpayer's immediate
10 family [~~which~~] that is not partially or wholly exempted from
11 real property tax, who is not eligible to be claimed as a
12 dependent for federal or state income taxes by another, and who
13 files an individual net income tax return for a taxable year,
14 may claim a tax credit under this section against the resident
15 taxpayer's Hawaii state individual net income tax.

16 (c) Each taxpayer with an adjusted gross income of less
17 than [~~\$30,000~~] \$50,000 who has paid more than \$1,000 in rent
18 during the taxable year for which the credit is claimed may
19 claim a tax credit of [~~\$50~~] \$500 multiplied by the number of
20 qualified exemptions to which the taxpayer is entitled; provided
21 that each taxpayer sixty-five years of age or over may claim



1 double the tax credit; ~~[and]~~ provided further that a resident
2 individual who has no income or no income taxable under this
3 chapter may also claim the tax credit as set forth in this
4 section."

5 2. By amending subsection (e) to read:

6 "(e) The tax credits shall be deductible from the
7 taxpayer's individual net income tax for the tax year in which
8 the credits are properly claimed; provided that ~~[a husband and~~
9 ~~wife]~~ married individuals filing separate returns for a taxable
10 year for which a joint return could have been made by them shall
11 claim only the tax credits to which they would have been
12 entitled had a joint return been filed. In the event the
13 allowed tax credits exceed the amount of the income tax payments
14 due from the taxpayer, the excess of credits over payments due
15 shall be refunded to the taxpayer; provided that allowed tax
16 credits properly claimed by an individual who has no income tax
17 liability shall be paid to the individual; ~~[and]~~ provided
18 further that no refunds or payments on account of the tax
19 credits allowed by this section shall be made for amounts less
20 than \$1."

21 3. By amending subsection (h) to read:



"(h) Claims for tax credits under this section, including any amended claims [~~thereof~~], shall be filed on or before the end of the twelfth month following the taxable year for which the credit may be claimed."

PART VII

SECTION 12. Section 235-51, Hawaii Revised Statutes, is amended by amending subsections (a) to (c) to read as follows:

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

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

(2) Surviving spouse,

a tax determined in accordance with the following table:

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

If the taxable income is:	The tax shall be:
Not over \$4,800	1.40% of taxable income
Over \$4,800 but not over \$9,600	\$67.00 plus 3.20% of excess over \$4,800
Over \$9,600 but not over \$19,200	\$221.00 plus 5.50% of excess over \$9,600



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

19 ~~[In the case of any taxable year beginning after~~
20 ~~December 31, 2024,~~

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



1	Not over \$19,200	1.40% of taxable income
2	Over \$19,200 but	\$269.00 plus 3.20% of
3	not over \$28,800	excess over \$19,200
4	Over \$28,800 but	\$576.00 plus 5.50% of
5	not over \$38,400	excess over \$28,800
6	Over \$38,400 but	\$1,104.00 plus 6.40% of
7	not over \$48,000	excess over \$38,400
8	Over \$48,000 but	\$1,718.00 plus 6.80% of
9	not over \$72,000	excess over \$48,000
10	Over \$72,000 but	\$3,350.00 plus 7.20% of
11	not over \$96,000	excess over \$72,000
12	Over \$96,000 but	\$5,078.00 plus 7.60% of
13	not over \$250,000	excess over \$96,000
14	Over \$250,000 but	\$16,782.00 plus 7.90% of
15	not over \$350,000	excess over \$250,000
16	Over \$350,000 but	\$24,682.00 plus 8.25% of
17	not over \$450,000	excess over \$350,000
18	Over \$450,000 but	\$32,932.00 plus 9.00% of
19	not over \$550,000	excess over \$450,000
20	Over \$550,000 but	\$41,932.00 plus 10.00% of
21	not over \$650,000	excess over \$550,000



1	not over \$550,000	excess over \$450,000
2	Over \$550,000 but	\$39,244.00 plus 9.00% of
3	not over \$650,000	excess over \$550,000
4	Over \$650,000 but	\$48,244.00 plus 10.00% of
5	not over \$800,000	excess over \$650,000
6	Over \$800,000	\$63,244.00 plus 11.00% of
7		excess over \$800,000.
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 \$38,400	1.40% of taxable income
12	Over \$38,400 but	\$538.00 plus 3.20% of
13	not over \$48,000	excess over \$38,400
14	Over \$48,000 but	\$845.00 plus 5.50% of
15	not over \$72,000	excess over \$48,000
16	Over \$72,000 but	\$2,165.00 plus 6.40% of
17	not over \$96,000	excess over \$72,000
18	Over \$96,000 but	\$3,701.00 plus 6.80% of
19	not over \$250,000	excess over \$96,000
20	Over \$250,000 but	\$14,173.00 plus 7.20% of
21	not over \$350,000	excess over \$250,000



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

13 In the case of any taxable year beginning after
 14 December 31, 2025:

15	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
16	<u>Not over \$100,000</u>	<u>0% of taxable income</u>
17	<u>Over \$100,000 but</u>	<u>\$0 plus 8.25% of</u>
18	<u>not over \$300,000</u>	<u>excess over \$100,000</u>
19	<u>Over \$300,000 but</u>	<u>\$16,500 plus 9.00% of</u>
20	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
21	<u>Over \$350,000 but</u>	<u>\$21,000 plus 10.0% of</u>



1	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
2	<u>Over \$400,000</u>	<u>\$26,000 plus 11.00% of</u>
3		<u>excess over \$400,000.</u>

4 (b) There is hereby imposed on the taxable income of every
 5 head of a household a tax determined in accordance with the
 6 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 \$3,600	1.40% of taxable income
11	Over \$3,600 but	\$50.00 plus 3.20% of
12	not over \$7,200	excess over \$3,600
13	Over \$7,200 but	\$166.00 plus 5.50% of
14	not over \$14,400	excess over \$7,200
15	Over \$14,400 but	\$562.00 plus 6.40% of
16	not over \$21,600	excess over \$14,400
17	Over \$21,600 but	\$1,022.00 plus 6.80% of
18	not over \$28,800	excess over \$21,600
19	Over \$28,800 but	\$1,512.00 plus 7.20% of
20	not over \$36,000	excess over \$28,800
21	Over \$36,000 but	\$2,030.00 plus 7.60% of



1	not over \$54,000	excess over \$36,000
2	Over \$54,000 but	\$3,398.00 plus 7.90% of
3	not over \$72,000	excess over \$54,000
4	Over \$72,000 but	\$4,820.00 plus 8.25% of
5	not over \$225,000	excess over \$72,000
6	Over \$225,000 but	\$17,443.00 plus 9.00% of
7	not over \$262,500	excess over \$225,000
8	Over \$262,500 but	\$20,818.00 plus 10.00% of
9	not over \$300,000	excess over \$262,500
10	Over \$300,000	\$24,568.00 plus 11.00% of
11		excess over \$300,000.

12 ~~[In the case of any taxable year beginning after~~

13 ~~December 31, 2024:~~

14	If the taxable income is:	The tax shall be:
15	Not over \$14,400	1.40% of taxable income
16	Over \$14,400 but	\$202.00 plus 3.20% of
17	not over \$21,600	excess over \$14,400
18	Over \$21,600 but	\$432.00 plus 5.50% of
19	not over \$28,800	excess over \$21,600
20	Over \$28,800 but	\$828.00 plus 6.40% of
21	not over \$36,000	excess over \$28,800



1 ~~Over \$36,000 but~~ ~~\$1,289.00 plus 6.80% of~~
2 ~~not over \$54,000~~ ~~excess over \$36,000~~
3 ~~Over \$54,000 but~~ ~~\$2,513.00 plus 7.20% of~~
4 ~~not over \$72,000~~ ~~excess over \$54,000~~
5 ~~Over \$72,000 but~~ ~~\$3,809.00 plus 7.60% of~~
6 ~~not over \$187,500~~ ~~excess over \$72,000~~
7 ~~Over \$187,500 but~~ ~~\$12,587.00 plus 7.90% of~~
8 ~~not over \$262,500~~ ~~excess over \$187,500~~
9 ~~Over \$262,500 but~~ ~~\$18,512.00 plus 8.25% of~~
10 ~~not over \$337,500~~ ~~excess over \$262,500~~
11 ~~Over \$337,500 but~~ ~~\$24,699.00 plus 9.00% of~~
12 ~~not over \$412,500~~ ~~excess over \$337,500~~
13 ~~Over \$412,500 but~~ ~~\$31,449.00 plus 10.00% of~~
14 ~~not over \$487,500~~ ~~excess over \$412,500~~
15 ~~Over \$487,500~~ ~~\$38,949.00 plus 11.00% of~~
16 ~~excess over \$487,500.~~
17 ~~In the case of any taxable year beginning after~~
18 ~~December 31, 2026:~~
19 ~~If the taxable income is:~~ ~~The tax shall be:~~
20 ~~Not over \$21,600~~ ~~1.40% of taxable income~~
21 ~~Over \$21,600 but~~ ~~\$302.00 plus 3.20% of~~



S.B. NO. 1043

1	not over \$28,800	excess over \$21,600
2	Over \$28,800 but	\$533.00 plus 5.50% of
3	not over \$36,000	excess over \$28,800
4	Over \$36,000 but	\$929.00 plus 6.40% of
5	not over \$54,000	excess over \$36,000
6	Over \$54,000 but	\$2,081.00 plus 6.80% of
7	not over \$72,000	excess over \$54,000
8	Over \$72,000 but	\$3,305.00 plus 7.20% of
9	not over \$187,500	excess over \$72,000
10	Over \$187,500 but	\$11,621.00 plus 7.60% of
11	not over \$262,500	excess over \$187,500
12	Over \$262,500 but	\$17,321.00 plus 7.90% of
13	not over \$337,500	excess over \$262,500
14	Over \$337,500 but	\$23,246.00 plus 8.25% of
15	not over \$412,500	excess over \$337,500
16	Over \$412,500 but	\$29,433.00 plus 9.00% of
17	not over \$487,500	excess over \$412,500
18	Over \$487,500 but	\$36,183.00 plus 10.00% of
19	not over \$600,000	excess over \$487,500
20	Over \$600,000	\$47,433.00 plus 11.00% of
21		excess over \$600,000.



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

If the taxable income is:	The tax shall be:
Not over \$28,800	1.40% of taxable income
Over \$28,800 but not over \$36,000	\$403.00 plus 3.20% of excess over \$28,800
Over \$36,000 but not over \$54,000	\$634.00 plus 5.50% of excess over \$36,000
Over \$54,000 but not over \$72,000	\$1,624.00 plus 6.40% of excess over \$54,000
Over \$72,000 but not over \$187,500	\$2,776.00 plus 6.80% of excess over \$72,000
Over \$187,500 but not over \$262,500	\$10,630.00 plus 7.20% of excess over \$187,500
Over \$262,500 but not over \$337,500	\$16,030.00 plus 7.60% of excess over \$262,500
Over \$337,500 but not over \$412,500	\$21,730.00 plus 7.90% of excess over \$337,500
Over \$412,500 but not over \$487,500	\$27,655.00 plus 8.25% of excess over \$412,500
Over \$487,500 but	\$33,842.00 plus 9.00% of

S.B. NO. 1043

~~1 not over \$600,000 excess over \$487,500~~
~~2 Over \$600,000 but \$43,967.00 plus 10.00% of~~
~~3 not over \$712,500 excess over \$600,000~~
~~4 Over \$712,500 \$55,217.00 plus 11.00% of~~
~~5 excess over \$712,500.]~~

6 In the case of any taxable year beginning after
 7 December 31, 2025:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
9 <u>Not over \$100,000</u>	<u>0% of taxable income</u>
10 <u>Over \$100,000 but</u>	<u>\$0 plus 8.25% of</u>
11 <u>not over \$225,000</u>	<u>excess over \$100,000</u>
12 <u>Over \$225,000 but</u>	<u>\$10,313 plus 9.00% of</u>
13 <u>not over \$262,500</u>	<u>excess over \$225,000</u>
14 <u>Over \$262,500 but</u>	<u>\$13,688 plus 10.0% of</u>
15 <u>not over \$300,000</u>	<u>excess over \$262,500</u>
16 <u>Over \$300,000</u>	<u>\$17,438 plus 11.00% of</u>
17 <u>excess over \$300,000.</u>	

18 (c) There is hereby imposed on the taxable income of (1)
 19 every unmarried individual (other than a surviving spouse, or
 20 the head of a household) and (2) on the taxable income of every
 21 married individual who does not make a single return jointly



1 with the individual's spouse under section 235-93 a tax
2 determined in accordance with the 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 \$2,400	1.40% of taxable income
7	Over \$2,400 but	\$34.00 plus 3.20% of
8	not over \$4,800	excess over \$2,400
9	Over \$4,800 but	\$110.00 plus 5.50% of
10	not over \$9,600	excess over \$4,800
11	Over \$9,600 but	\$374.00 plus 6.40% of
12	not over \$14,400	excess over \$9,600
13	Over \$14,400 but	\$682.00 plus 6.80% of
14	not over \$19,200	excess over \$14,400
15	Over \$19,200 but	\$1,008.00 plus 7.20% of
16	not over \$24,000	excess over \$19,200
17	Over \$24,000 but	\$1,354.00 plus 7.60% of
18	not over \$36,000	excess over \$24,000
19	Over \$36,000 but	\$2,266.00 plus 7.90% of
20	not over \$48,000	excess over \$36,000
21	Over \$48,000 but	\$3,214.00 plus 8.25% of



S.B. NO. 1043

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

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 \$9,600	1.40% of taxable income
12	Over \$9,600 but	\$134.00 plus 3.20% of
13	not over \$14,400	excess over \$9,600
14	Over \$14,400 but	\$288.00 plus 5.50% of
15	not over \$19,200	excess over \$14,400
16	Over \$19,200 but	\$552.00 plus 6.40% of
17	not over \$24,000	excess over \$19,200
18	Over \$24,000 but	\$859.00 plus 6.80% of
19	not over \$36,000	excess over \$24,000
20	Over \$36,000 but	\$1,675.00 plus 7.20% of
21	not over \$48,000	excess over \$36,000



1	Over \$48,000 but	\$2,539.00 plus 7.60% of
2	not over \$125,000	excess over \$48,000
3	Over \$125,000 but	\$8,391.00 plus 7.90% of
4	not over \$175,000	excess over \$125,000
5	Over \$175,000 but	\$12,341.00 plus 8.25% of
6	not over \$225,000	excess over \$175,000
7	Over \$225,000 but	\$16,466.00 plus 9.00% of
8	not over \$275,000	excess over \$225,000
9	Over \$275,000 but	\$20,966.00 plus 10.00% of
10	not over \$325,000	excess over \$275,000
11	Over \$325,000	\$25,966.00 plus 11.00% of
12		excess over \$325,000.

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 \$14,400	1.40% of taxable income
17	Over \$14,400 but	\$202.00 plus 3.20% of
18	not over \$19,200	excess over \$14,400
19	Over \$19,200 but	\$355.00 plus 5.50% of
20	not over \$24,000	excess over \$19,200
21	Over \$24,000 but	\$619.00 plus 6.40% of



1	not over \$36,000	excess over \$24,000
2	Over \$36,000 but	\$1,387.00 plus 6.00% of
3	not over \$48,000	excess over \$36,000
4	Over \$48,000 but	\$2,203.00 plus 7.20% of
5	not over \$125,000	excess over \$48,000
6	Over \$125,000 but	\$7,747.00 plus 7.60% of
7	not over \$175,000	excess over \$125,000
8	Over \$175,000 but	\$11,547.00 plus 7.90% of
9	not over \$225,000	excess over \$175,000
10	Over \$225,000 but	\$15,497.00 plus 8.25% of
11	not over \$275,000	excess over \$225,000
12	Over \$275,000 but	\$19,622.00 plus 9.00% of
13	not over \$325,000	excess over \$275,000
14	Over \$325,000 but	\$24,122.00 plus 10.00% of
15	not over \$400,000	excess over \$325,000
16	Over \$400,000	\$31,622.00 plus 11.00% of
17		excess over \$400,000.
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 \$19,200	1.40% of taxable income



S.B. NO. 1043

1	Over \$19,200 but	\$269.00 plus 3.20% of
2	not over \$24,000	excess over \$19,200
3	Over \$24,000 but	\$422.00 plus 5.50% of
4	not over \$36,000	excess over \$24,000
5	Over \$36,000 but	\$1,082.00 plus 6.40% of
6	not over \$48,000	excess over \$36,000
7	Over \$48,000 but	\$1,850.00 plus 6.80% of
8	not over \$125,000	excess over \$48,000
9	Over \$125,000 but	\$7,086.00 plus 7.20% of
10	not over \$175,000	excess over \$125,000
11	Over \$175,000 but	\$10,686.00 plus 7.60% of
12	not over \$225,000	excess over \$175,000
13	Over \$225,000 but	\$14,486.00 plus 7.90% of
14	not over \$275,000	excess over \$225,000
15	Over \$275,000 but	\$18,436.00 plus 8.25% of
16	not over \$325,000	excess over \$275,000
17	Over \$325,000 but	\$22,561.00 plus 9.00% of
18	not over \$400,000	excess over \$325,000
19	Over \$400,000 but	\$29,311.00 plus 10.00% of
20	not over \$475,000	excess over \$400,000
21	Over \$475,000	\$36,811.00 plus 11.00% of



~~excess over \$475,000.]~~

In the case of any taxable year beginning after
December 31, 2025:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$100,000</u>	<u>0% of taxable income</u>
<u>Over \$100,000 but</u>	<u>\$0 plus 8.25% of</u>
<u>not over \$150,000</u>	<u>excess over \$100,000</u>
<u>Over \$150,000 but</u>	<u>\$4,125 plus 9.00% of</u>
<u>not over \$175,000</u>	<u>excess over \$150,000</u>
<u>Over \$175,000 but</u>	<u>\$6,375 plus 10.0% of</u>
<u>not over \$200,000</u>	<u>excess over \$175,000</u>
<u>Over \$200,000</u>	<u>\$8,875 plus 11.00% of</u>
	<u>excess over \$200,000."</u>

PART VIII

SECTION 13. Chapter 248, Hawaii Revised Statutes, is
 amended by adding a new section to be appropriately designated
 and to read as follows:

"§248- Maui recovery special fund. (a) There is
established in the state treasury the Maui recovery special
fund, into which shall be deposited:

(1) Appropriations made by the legislature;



1 (2) Contributions from public or private partners; and

2 (3) Interest earned on or accrued to moneys deposited in
3 the special fund.

4 (b) Moneys in the Maui recovery special fund shall be used
5 for recovery programs, capital improvement projects, and
6 assistance to those impacted by the 2023 Maui wildfires."

7 SECTION 14. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$ or so
9 much thereof as may be necessary for fiscal year 2025-2026 and
10 the same sum or so much thereof as may be necessary for fiscal
11 year 2026-2027 to be deposited into the Maui recovery special
12 fund.

13 SECTION 15. There is appropriated out of the Maui recovery
14 special fund the sum of \$ or so much thereof as may be
15 necessary for fiscal year 2025-2026 and the same sum or so much
16 thereof as may be necessary for fiscal year 2026-2027 for
17 recovery programs, capital improvement projects, and assistance
18 to individuals impacted by the 2023 Maui wildfires pursuant to
19 section 248- .

20 The sums appropriated shall be expended by the county of
21 Maui for the purposes of this Act.



1 PART IX

2 SECTION 16. Statutory material to be repealed is bracketed
3 and stricken. New statutory material is underscored.

4 SECTION 17. This Act, upon its approval, shall apply to
5 taxable years beginning after December 31, 2024; provided that
6 part VIII of this Act shall take effect on July 1, 2025.

7

INTRODUCED BY: _____



S.B. NO. 1043

Report Title:

General Excise Tax; Groceries; Nonprescription Drugs; Income Tax; Income Tax Brackets; Standard Deduction; Unemployment Insurance; Exemptions; Maui Recovery Special Fund; Appropriations

Description:

Exempts the sale of groceries and nonprescription drugs from the general excise tax. Incrementally increases the general excise tax over four years, with the increased proceeds during certain fiscal years to be deposited into the general fund. Removes the state income tax on unemployment compensation benefits. Doubles the standard deduction for individuals earning less than \$100,000 and joint returns earning less than \$200,000. Repeals the incremental increases on standard income tax deduction amounts. Increases the minimum income threshold and exemption amount for the low-income household renters' income tax credit. Removes the tax liability for the first \$100,000 of individual income earned. Establishes the Maui Recovery Special Fund to be used for recovery programs related to the 2023 Maui wildfires. Appropriates funds. Applies to taxable years beginning after 12/31/2024.

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

