JAN 2 3 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 several decades, income inequality has worsened in the State. 2 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 five times the rate of the State's poorest households. As 6 7 income gains have increasingly gone to the highest earners, 8 wages have stagnated for most workers.

The legislature also finds that while the State's 9 highest-earning households have enjoyed the benefits of these 10 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 the State paid a substantially lower share of household income 14 15 in taxes than the bottom eighty per cent. This state of affairs allows the highest income earners to amass wealth, and the power 16 17 that comes with it, without paying their fair share of taxes in

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return. Moreover, it saddles the State's working families with
the burden of paying a greater portion of their household income
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 marginal income tax rates "[t]he most obvious reform . . . [to] 6 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 substantial revenue for public investments that boost a state's 11 productivity in the long run, without harming economic growth in 12 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 and would provide benefits to families at all income levels, 16 whether by helping to create private wealth through research 17 grants and small business subsidies, or by providing essential 18 government programs that make it easier for working families to 19 20 achieve upward mobility. By simply paying their fair share, the State's highest earners will be helping to fund investments in 21

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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: "(a) There is hereby imposed on the taxable income of 10 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 Over \$4,800 but 20 \$67.00 plus 3.20% of 21 not over \$9,600 excess over \$4,800

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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 yea	r beginning after

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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



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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 b	eginning 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 b	eginning 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



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 b	peginning after
16	December 31, 2029:	
17	If the taxable income is:	The tax shall be:
18	Over \$1,900,000	\$147,246.00 plus 16.00%
19		of excess over
20		\$1,900,000.
21	(b) There is hereby imposed on t	the taxable income of every

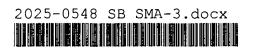


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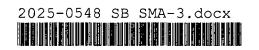
head of a household a tax determined in accordance with the 1 2 following table: In the case of any taxable year beginning after 3 December 31, 2017: 4 If the taxable income is: The tax shall be: 5 1.40% of taxable income 6 Not over \$3,600 \$50.00 plus 3.20% of 7 Over \$3,600 but excess over \$3,600 8 not over \$7,200 Over \$7,200 but \$166.00 plus 5.50% of 9 excess over \$7,200 not over \$14,400 10 Over \$14,400 but \$562.00 plus 6.40% of 11 excess over \$14,400 not over \$21,600 12 \$1,022.00 plus 6.80% of Over \$21,600 but 13 excess over \$21,600 not over \$28,800 14 \$1,512.00 plus 7.20% of 15 Over \$28,800 but not over \$36,000 excess over \$28,800 16 \$2,030.00 plus 7.60% of Over \$36,000 but 17 excess over \$36,000 not over \$54,000 18 \$3,398.00 plus 7.90% of Over \$54,000 but 19 not over \$72,000 excess over \$54,000 20 \$4,820.00 plus 8.25% of 21 Over \$72,000 but



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 b	eginning 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



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 k	peginning 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



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



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



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1		excess over \$712,500.
2	In the case of any taxable year b	eginning after
3	December_31, 2029:	
4	If the taxable income is:	The tax shall be:
5	<u>Over \$1,425,000</u>	\$110,434.00 plus 16.00%
6		of excess over
7		\$1,425,000.
8	(c) There is hereby imposed on the	he taxable income of (1)
9	every unmarried individual (other than	a surviving spouse, or
10	the head of a household) and (2) on the	e taxable income of every
11	married individual who does not make a	single return jointly
12	with the individual's spouse under sec	tion 235-93 a tax
13	determined in accordance with the follo	owing table:
14	In the case of any taxable year b	eginning 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

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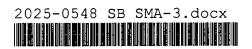
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1	Over \$9,600 but	\$374.00 plus 6.40% of
2	not over \$14,400	excess over \$9,600
3	Over \$14,400 but	\$682.00 plus 6.80% of
4	not over \$19,200	excess over \$14,400
5	Over \$19,200 but	\$1,008.00 plus 7.20% of
6	not over \$24,000	excess over \$19,200
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:

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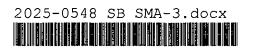
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1	Not over \$9,600	1.40% of taxable income
2	Over \$9,600 but	\$134.00 plus 3.20% of
3	not over \$14,400	excess over \$9,600
4	Over \$14,400 but	\$288.00 plus 5.50% of
5	not over \$19,200	excess over \$14,400
6	Over \$19,200 but	\$552.00 plus 6.40% 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



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1	Over \$325,000	\$25,966.00 plus 11.00% of
2		excess over \$325,000.
3	In the case of any taxable year b	beginning after
4	December 31, 2026:	
5	If the taxable income is:	The tax shall be:
6	Not over \$14,400	1.40% of taxable income
7	Over \$14,400 but	\$202.00 plus 3.20% of
8	not over \$19,200	excess over \$14,400
9	Over \$19,200 but	\$355.00 plus 5.50% of
10	not over \$24,000	excess over \$19,200
11	Over \$24,000 but	\$619.00 plus 6.40% of
12	not over \$36,000	excess over \$24,000
13	Over \$36,000 but	\$1,387.00 plus 6.80% of
14	not over \$48,000	excess over \$36,000
15	Over \$48,000 but	\$2,203.00 plus 7.20% of
16	not over \$125,000	excess over \$48,000
17	Over \$125,000 but	\$7,747.00 plus 7.60% of
18	not over \$175,000	excess over \$125,000
19	Over \$175,000 but	\$11,547.00 plus 7.90% of
20	not over \$225,000	excess over \$175,000
21	Over \$225,000 but	\$15,497.00 plus 8.25% of



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 b	eginning 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



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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 be	ginning after
14	December 31, 2029:	
15	If the taxable income is:	The tax shall be:
16	<u>Over \$950,000</u>	\$73,622.00 plus 16.00% of
17		excess over \$950,000."
18	SECTION 3. New statutory material	is underscored.

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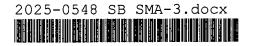
1 SECTION 4. This Act, upon its approval, shall apply to

2 taxable years beginning after December 31, 2029.

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Hal Rhad

INTRODUCED BY:



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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