

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 fourteen per cent
7 of their income in state and local taxes. In comparison, the
8 State's highest earning households pay approximately ten 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 \$49.19 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 could ease the tax burden on
7 residents, especially lower-income households. Further, money
8 saved from a lower tax burden can be spent elsewhere in the
9 local economy, creating a circular effect that will help many
10 individuals and families statewide.

11 Accordingly, the purpose of this Act is to:

12 (1) Exempt the sale of groceries and nonprescription drugs
13 from the general excise tax;
14 (2) Remove the state income tax on unemployment
15 compensation benefits;
16 (3) Double the standard deduction for taxpayers earning
17 less than \$100,000 and jointly filing taxpayers
18 earning less than \$200,000;
19 (4) Repeal the incremental increases on standard income
20 tax deduction amounts;



- (5) Increase the maximum adjusted gross income allowed to qualify for the low-income household renters' income tax credit and increases the credit amount; and
- (6) Repeal the incremental changes to income tax brackets and remove the tax liability for the first \$100,000 of individual income earned.

PART II

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

11 "\$237- Groceries; exemption. (a) Notwithstanding any
12 provision of law to the contrary, there shall be exempted from,
13 and excluded from the measure of, the taxes imposed by this
14 chapter all of the gross proceeds or income received from the
15 sale of all groceries eligible for purchase under the
16 supplemental nutrition assistance program and special
17 supplemental nutrition program for women, infants, and children
18 within the State, regardless of the means of purchase and the
19 eligibility of the purchaser for supplemental nutrition
20 assistance program or special supplemental nutrition program for
21 women, infants, and children benefits.



1 (b) For the purposes of this section:

2 "Food" or "food product" means substances, whether in
3 liquid, concentrated, solid, frozen, dried, or dehydrated form,
4 that are sold for ingestion or chewing by humans and are
5 consumed for their taste or nutritional value.

6 "Groceries" means any food or food product for home
7 consumption. "Groceries" may be further defined by the
8 department of taxation by rule through the enumeration of items
9 in rules or tax informational release; provided that the
10 department shall consult with the federal Food and Nutrition
11 Service of the United States Department of Agriculture in
12 further defining the term "groceries" for purposes of the
13 supplemental nutrition assistance program and special
14 supplemental nutrition program for women, infants, and children.

15 **§237- Nonprescription drugs; exemption.** (a)

16 Notwithstanding any provision of law to the contrary, there
17 shall be exempted from, and excluded from the measure of, the
18 taxes imposed by this chapter all of the gross proceeds or gross
19 income received from the sale of nonprescription drugs within
20 the State.

21 (b) For the purposes of this section:



1 "Drug" means:

2 (1) Articles recognized in the official United States
3 Pharmacopoeia, official United States Pharmacopoeia
4 Dispensing Information, official Homeopathic
5 Pharmacopoeia of the United States, or official
6 National Formulary, or any supplement to any of these
7 publications;

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

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

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

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



1

PART III

2 SECTION 3. Section 235-7, Hawaii Revised Statutes, is
3 amended by amending subsection (a) to read as follows:

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

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

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

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

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

20 (5) Except as otherwise expressly provided, payments made
21 by the United States or this State, under an act of



Congress or a law of this State, which by express provision or administrative regulation or interpretation are exempt from both the normal and surtaxes of the United States, even though not so exempted by the Internal Revenue Code itself;

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

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

18 (A) E-1 pay grade after eight years of service;
19 provided that this subparagraph shall apply to
20 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 that
19 the tax laws of the local governments of that country
20 reciprocally exempt from the application of all of
21 their net income taxes, the income derived from the





1 SECTION 4. Section 383-163, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§383-163 No assignment of benefits; waiver.** No
4 assignment, pledge, or encumbrance of any right to benefits
5 which are or may become due or payable under this chapter shall
6 be valid and the right to benefits shall not be subject to levy,
7 execution, attachment, garnishment, or any other remedy for the
8 collection of debt. No waiver of this section shall be valid,
9 except that this section shall not apply to:

10 (1) Section 383-163.5 with respect to the withholding and
11 deduction of benefits for the payment of child support
12 obligations;

13 (2) Section 383-163.6 with respect to the voluntary
14 withholding and deduction of benefits for payment of
15 federal [and state] income taxes; and

16 (3) Section 383-163.7 with respect to the withholding and
17 deduction of benefits for repayment of uncollected
18 overissuances of food stamp coupons."

19 SECTION 5. Section 383-163.6, Hawaii Revised Statutes, is
20 amended by amending subsection (a) to read as follows:



1 "(a) An individual filing a new claim for unemployment
2 compensation shall, at the time of filing the claim, be advised
3 that:

4 (1) Unemployment compensation is subject to federal [and
5 state] income tax;

6 (2) Requirements exist pertaining to estimated tax
7 payments;

8 (3) The individual may elect to have federal income tax
9 deducted and withheld from the individual's payment of
10 unemployment compensation at the amount specified in
11 the federal Internal Revenue Code;

12 [4] The individual may elect to have state income tax
13 deducted and withheld from the individual's payment of
14 unemployment compensation at the amount specified in
15 section 235-69;

16 (5)] (4) The individual may elect to have state and local
17 income taxes deducted and withheld from the
18 individual's payment of unemployment compensation for
19 other states and localities outside this State at the
20 percentage established by the state or locality, if
21 the department by agreement with the other state or



1 locality is authorized to deduct and withhold income
2 tax; and

3 [+6] (5) The individual shall be permitted to change a
4 previously elected withholding status no more than
5 once during a benefit year."

6 PART IV

7 SECTION 6. Section 235-2.4, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

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

12 (1) Section 63(c)(1)(B) (relating to the additional
13 standard deduction), 63(c)(1)(C) (relating to the real
14 property tax deduction), 63(c)(1)(D) (relating to the
15 disaster loss deduction), 63(c)(1)(E) (relating to the
16 motor vehicle sales tax deduction), 63(c)(4) (relating
17 to inflation adjustments), 63(c)(7) (defining the real
18 property tax deduction), 63(c)(8) (defining the
19 disaster loss deduction), 63(c)(9) (defining the motor
20 vehicle sales tax deduction), and 63(f) (relating to
21 additional amounts for the aged or blind) of the



1 Internal Revenue Code shall not be operative for
2 purposes of this chapter;

3 (2) Section 63(c) (2) (relating to the basic standard
4 deduction) of the Internal Revenue Code shall be
5 operative, except that the standard deduction amounts
6 provided therein shall instead mean:

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

10 (i) A joint return as provided by section 235-
11 93; or
12 (ii) A surviving spouse (as defined in section
13 2(a) of the Internal Revenue Code);

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

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



1 (D) ~~\$2,200, or \$4,400 for a return with an adjusted~~
2 ~~gross income less than \$100,000, in the case of a~~
3 ~~married individual filing a separate return;~~
4 ~~(E) For taxable years beginning after December 31,~~
5 ~~2023:~~
6 ~~(i) \$8,800 in the case of a joint return as~~
7 ~~provided by section 235-93 or a surviving~~
8 ~~spouse (as defined in section 2(a) of the~~
9 ~~Internal Revenue Code);~~
10 ~~(ii) \$6,424 in the case of a head of household~~
11 ~~(as defined in section 2(b) of the Internal~~
12 ~~Revenue Code);~~
13 ~~(iii) \$4,400 in the case of an individual who is~~
14 ~~not married and who is not a surviving~~
15 ~~spouse or head of household; or~~
16 ~~(iv) \$4,400 in the case of a married individual~~
17 ~~filng a separate return;~~
18 (F) ~~For taxable years beginning after December 31,~~
19 ~~2025:~~
20 ~~(i) \$16,000 in the case of a joint return as~~
21 ~~provided by section 235-93 or a surviving~~



1 spouse (as defined in section 2(a) of the
2 Internal Revenue Code);
3 (ii) \$12,000 in the case of a head of household
4 (as defined in section 2(b) of the Internal
5 Revenue Code);
6 (iii) \$8,000 in the case of an individual who is
7 not married and who is not a surviving
8 spouse or head of household; or
9 (iv) \$8,000 in the case of a married individual
10 filing a separate return;
11 (G) For taxable years beginning after December 31,
12 2027:
13 (i) \$18,000 in the case of a joint return as
14 provided by section 235-93 or a surviving
15 spouse (as defined in section 2(a) of the
16 Internal Revenue Code);
17 (ii) \$13,500 in the case of a head of household
18 (as defined in section 2(b) of the Internal
19 Revenue Code);
20 (iii) \$9,000 in the case of an individual who is
21 not married and who is not a surviving





1 spouse (as defined in section 2(a) of the
2 Internal Revenue Code);
3 (ii) \$18,000 in the case of a head of household
4 (as defined in section 2(b) of the Internal
5 Revenue Code);
6 (iii) \$12,000 in the case of an individual who is
7 not married and who is not a surviving
8 spouse or head of household; or
9 (iv) \$12,000 in the case of a married individual
10 filing a separate return;]

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

PART V

19 SECTION 7. Section 235-55.7, Hawaii Revised Statutes, is
20 amended as follows:

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



1 "(a) As used in this section:

2 [+1] "Adjusted gross income" is defined by section 235-1.

3 [+2] "Qualified exemption" includes those exemptions

4 permitted under this chapter; provided that a person

5 for whom exemption is claimed has physically resided

6 in the State for more than nine months during the

7 taxable year; [and] provided further that multiple

8 [exemption] exemptions shall not be granted because of

9 deficiencies in vision, hearing, or other disability.

10 [+3] "Rent" means the amount paid in cash in any taxable

11 year for the occupancy of a dwelling place [which]

12 that is used by a resident taxpayer or the resident

13 taxpayer's immediate family as the principal residence

14 in this State. Rent is limited to the amount paid for

15 the occupancy of the dwelling place only, [and] or is

16 exclusive of charges for utilities, parking stalls,

17 storage of goods, yard services, furniture,

18 furnishings, and the like. Rent shall not include any

19 rental claimed as a deduction from gross income or

20 adjusted gross income for income tax purposes, any



1 ground rental paid for use of land only, [and] or any
2 rent allowance or subsidies received.

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

12 (c) Each taxpayer with an adjusted gross income of less
13 than ~~[\$30,000]~~ \$50,000 who has paid more than \$1,000 in rent
14 during the taxable year for which the credit is claimed may
15 claim a tax credit of ~~[\$50]~~ \$500 multiplied by the number of
16 qualified exemptions to which the taxpayer is entitled; provided
17 that each taxpayer sixty-five years of age or over may claim
18 double the tax credit; [and] provided further that a resident
19 individual who has no income or no income taxable under this
20 chapter may also claim the tax credit as set forth in this
21 section."



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

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

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

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



1 PART VI

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

6 (1) Taxpayer who files a joint return under section 235-
7 93; and

8 (2) Surviving spouse,

9 a tax determined in accordance with the following table:

10

11 In the case of any taxable year beginning after December
12 31, 2017:

13	If the taxable income is:	The tax shall be:
14	Not over \$4,800	1.40% of taxable income
15	Over \$4,800 but	\$67.00 plus 3.20% of
16	not over \$9,600	excess over \$4,800
17	Over \$9,600 but	\$221.00 plus 5.50% of
18	not over \$19,200	excess over \$9,600
19	Over \$19,200 but	\$749.00 plus 6.40% of
20	not over \$28,800	excess over \$19,200
21	Over \$28,800 but	\$1,363.00 plus 6.80% of



1	not over \$38,400	excess over \$28,800
2	Over \$38,400 but	\$2,016.00 plus 7.20% of
3	not over \$48,000	excess over \$38,400
4	Over \$48,000 but	\$2,707.00 plus 7.60% of
5	not over \$72,000	excess over \$48,000
6	Over \$72,000 but	\$4,531.00 plus 7.90% of
7	not over \$96,000	excess over \$72,000
8	Over \$96,000 but	\$6,427.00 plus 8.25% of
9	not over \$300,000	excess over \$96,000
10	Over \$300,000 but	\$23,257.00 plus 9.00% of
11	not over \$350,000	excess over \$300,000
12	Over \$350,000 but	\$27,757.00 plus 10.00% of
13	not over \$400,000	excess over \$350,000
14	Over \$400,000	\$32,757.00 plus 11.00% of
15		excess over \$400,000.
16		
17	In the case of any taxable year beginning after December	
18	31, 2024:	
19	If the taxable income is:	The tax shall be:
20	Not over \$19,200	1.40% of taxable income
21	Over \$19,200 but	\$269.00 plus 3.20% of



1	not over \$28,800	excess over \$19,200
2	Over \$28,800 but	\$576.00 plus 5.50% of
3	not over \$38,400	excess over \$28,800
4	Over \$38,400 but	\$1,104.00 plus 6.40% of
5	not over \$48,000	excess over \$38,400
6	Over \$48,000 but	\$1,718.00 plus 6.80% of
7	not over \$72,000	excess over \$48,000
8	Over \$72,000 but	\$3,350.00 plus 7.20% of
9	not over \$96,000	excess over \$72,000
10	Over \$96,000 but	\$5,078.00 plus 7.60% of
11	not over \$250,000	excess over \$96,000
12	Over \$250,000 but	\$16,782.00 plus 7.90% of
13	not over \$350,000	excess over \$250,000
14	Over \$350,000 but	\$24,682.00 plus 8.25% of
15	not over \$450,000	excess over \$350,000
16	Over \$450,000 but	\$32,932.00 plus 9.00% of
17	not over \$550,000	excess over \$450,000
18	Over \$550,000 but	\$41,932.00 plus 10.00% of
19	not over \$650,000	excess over \$550,000
20	Over \$650,000	\$51,932.00 plus 11.00% of
21		excess over \$650,000.



1

2 [In the case of any taxable year beginning after December
 3 31, 2026:

4	If the taxable income is:	The tax shall be:
5	Not over \$28,800	1.40% of taxable income
6	Over \$28,800 but	\$403.00 plus 3.20% of
7	not over \$38,400	excess over \$28,800
8	Over \$38,400 but	\$710.00 plus 5.50% of
9	not over \$48,000	excess over \$38,400
10	Over \$48,000 but	\$1,238.00 plus 6.40% of
11	not over \$72,000	excess over \$48,000
12	Over \$72,000 but	\$2,774.00 plus 6.80% of
13	not over \$96,000	excess over \$72,000
14	Over \$96,000 but	\$4,406.00 plus 7.20% of
15	not over \$250,000	excess over \$96,000
16	Over \$250,000 but	\$15,494.00 plus 7.60% of
17	not over \$350,000	excess over \$250,000
18	Over \$350,000 but	\$23,094.00 plus 7.90% of
19	not over \$450,000	excess over \$350,000
20	Over \$450,000 but	\$30,994.00 plus 8.25% of
21	not over \$550,000	excess over \$450,000



1	Over \$550,000 but	\$39,244.00 plus 9.00% of
2	not over \$650,000	excess over \$550,000
3	Over \$650,000 but	\$48,244.00 plus 10.00% of
4	not over \$800,000	excess over \$650,000
5	Over \$800,000	\$63,244.00 plus 11.00% of
6		excess over \$800,000.

7

8 In the case of any taxable year beginning after December
 9 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 December

14 31, 2026:

15	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
16	<u>Over \$100,000 but</u>	<u>8.25% of</u>
17	<u>not over \$300,000</u>	<u>excess over \$100,000</u>
18	<u>Over \$300,000 but</u>	<u>\$16,500 plus 9.00% of</u>
19	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
20	<u>Over \$350,000 but</u>	<u>\$21,000 plus 10.00% of</u>
21	<u>not over \$400,000</u>	<u>excess over \$350,000</u>



1 Over \$400,000 \$26,000 plus 11.00% of
 2 excess over \$400,000.

3 (b) There is hereby imposed on the taxable income of every
 4 head of a household a tax determined in accordance with the
 5 following table:

6

7 In the case of any taxable year beginning after December
 8 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 not over \$7,200	\$50.00 plus 3.20% of excess over \$3,600
12	Over \$7,200 but not over \$14,400	\$166.00 plus 5.50% of excess over \$7,200
13	Over \$14,400 but not over \$21,600	\$562.00 plus 6.40% of excess over \$14,400
14	Over \$21,600 but not over \$28,800	\$1,022.00 plus 6.80% of excess over \$21,600
15	Over \$28,800 but not over \$36,000	\$1,512.00 plus 7.20% of excess over \$28,800
16	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

13 In the case of any taxable year beginning after December
 14 31, 2024:

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 \$21,600	excess over \$14,400
19	Over \$21,600 but	\$432.00 plus 5.50% of
20	not over \$28,800	excess over \$21,600
21	Over \$28,800 but	\$828.00 plus 6.40% of



1	not over \$36,000	excess over \$28,800
2	Over \$36,000 but	\$1,289.00 plus 6.80% of
3	not over \$54,000	excess over \$36,000
4	Over \$54,000 but	\$2,513.00 plus 7.20% of
5	not over \$72,000	excess over \$54,000
6	Over \$72,000 but	\$3,809.00 plus 7.60% of
7	not over \$187,500	excess over \$72,000
8	Over \$187,500 but	\$12,587.00 plus 7.90% of
9	not over \$262,500	excess over \$187,500
10	Over \$262,500 but	\$18,512.00 plus 8.25% of
11	not over \$337,500	excess over \$262,500
12	Over \$337,500 but	\$24,699.00 plus 9.00% of
13	not over \$412,500	excess over \$337,500
14	Over \$412,500 but	\$31,449.00 plus 10.00% of
15	not over \$487,500	excess over \$412,500
16	Over \$487,500	\$38,949.00 plus 11.00% of
17		excess over \$487,500.
18		
19	[In the case of any taxable year beginning after December	
20	31, 2026: <u>If the taxable income is:</u>	
21	<u>The tax shall be:</u>	



1	Not over \$21,600	1.40% of taxable income
2	Over \$21,600 but	\$302.00 plus 3.20% of
3	not over \$28,800	excess over \$21,600
4	Over \$28,800 but	\$533.00 plus 5.50% of
5	not over \$36,000	excess over \$28,800
6	Over \$36,000 but	\$929.00 plus 6.40% of
7	not over \$54,000	excess over \$36,000
8	Over \$54,000 but	\$2,081.00 plus 6.80% of
9	not over \$72,000	excess over \$54,000
10	Over \$72,000 but	\$3,305.00 plus 7.20% of
11	not over \$187,500	excess over \$72,000
12	Over \$187,500 but	\$11,621.00 plus 7.60% of
13	not over \$262,500	excess over \$187,500
14	Over \$262,500 but	\$17,321.00 plus 7.90% of
15	not over \$337,500	excess over \$262,500
16	Over \$337,500 but	\$23,246.00 plus 8.25% of
17	not over \$412,500	excess over \$337,500
18	Over \$412,500 but	\$29,433.00 plus 9.00% of
19	not over \$487,500	excess over \$412,500
20	Over \$487,500 but	\$36,183.00 plus 10.00% of
21	not over \$600,000	excess over \$487,500



1	Over \$600,000	\$47,433.00 plus 11.00% of excess over \$600,000.
2		
3		
4	In the case of any taxable year beginning after December	
5	31, 2028:	
6	If the taxable income is:	The tax shall be:
7	Not over \$28,800	1.40% of taxable income
8	Over \$28,800 but	\$403.00 plus 3.20% of excess over \$28,800
9	not over \$36,000	
10	Over \$36,000 but	\$634.00 plus 5.50% of excess over \$36,000
11	not over \$54,000	
12	Over \$54,000 but	\$1,624.00 plus 6.40% of excess over \$54,000
13	not over \$72,000	
14	Over \$72,000 but	\$2,776.00 plus 6.80% of excess over \$72,000
15	not over \$187,500	
16	Over \$187,500 but	\$10,630.00 plus 7.20% of excess over \$187,500
17	not over \$262,500	
18	Over \$262,500 but	\$16,030.00 plus 7.60% of excess over \$262,500
19	not over \$337,500	
20	Over \$337,500 but	\$21,730.00 plus 7.90% of excess over \$337,500
21	not over \$412,500	



1	Over \$412,500 but	\$27,655.00 plus 8.25% of
2	not over \$487,500	excess over \$412,500
3	Over \$487,500 but	\$33,842.00 plus 9.00% of
4	not over \$600,000	excess over \$487,500
5	Over \$600,000 but	\$43,967.00 plus 10.00% of
6	not over \$712,500	excess over \$600,000
7	Over \$712,500	\$55,217.00 plus 11.00% of
8		excess over \$712,500.]

9 In the case of any taxable year beginning after December
 10 31, 2026:

	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
11	<u>Over \$100,000 but</u>	<u>8.25% of</u>
12	<u>not over \$225,000</u>	<u>excess over \$100,000</u>
13	<u>Over \$225,000 but</u>	<u>\$10,313 plus 9.00% of</u>
14	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
15	<u>Over \$262,500 but</u>	<u>\$13,688 plus 10.00% of</u>
16	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
17	<u>Over \$300,000</u>	<u>\$17,438 plus 11.00% of</u>
18		<u>excess over \$300,000.</u>

21 (c) There is hereby imposed on the taxable income of (1)



1 every unmarried individual (other than a surviving spouse, or
2 the head of a household) and (2) on the taxable income of every
3 married individual who does not make a single return jointly
4 with the individual's spouse under section 235-93 a tax
5 determined in accordance with the following table:

6

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

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



1	not over \$36,000	excess over \$24,000
2	Over \$36,000 but	\$2,266.00 plus 7.90% of
3	not over \$48,000	excess over \$36,000
4	Over \$48,000 but	\$3,214.00 plus 8.25% of
5	not over \$150,000	excess over \$48,000
6	Over \$150,000 but	\$11,629.00 plus 9.00% of
7	not over \$175,000	excess over \$150,000
8	Over \$175,000 but	\$13,879.00 plus 10.00% of
9	not over \$200,000	excess over \$175,000
10	Over \$200,000	\$16,379.00 plus 11.00% of
11		excess over \$200,000.

12

13 In the case of any taxable year beginning after December
 14 31, 2024:

15	If the taxable income is:	The tax shall be:
16	Not over \$9,600	1.40% of taxable income
17	Over \$9,600 but	\$134.00 plus 3.20% of
18	not over \$14,400	excess over \$9,600
19	Over \$14,400 but	\$288.00 plus 5.50% of
20	not over \$19,200	excess over \$14,400
21	Over \$19,200 but	\$552.00 plus 6.40% of



1	not over \$24,000	excess over \$19,200
2	Over \$24,000 but	\$859.00 plus 6.80% of
3	not over \$36,000	excess over \$24,000
4	Over \$36,000 but	\$1,675.00 plus 7.20% of
5	not over \$48,000	excess over \$36,000
6	Over \$48,000 but	\$2,539.00 plus 7.60% of
7	not over \$125,000	excess over \$48,000
8	Over \$125,000 but	\$8,391.00 plus 7.90% of
9	not over \$175,000	excess over \$125,000
10	Over \$175,000 but	\$12,341.00 plus 8.25% of
11	not over \$225,000	excess over \$175,000
12	Over \$225,000 but	\$16,466.00 plus 9.00% of
13	not over \$275,000	excess over \$225,000
14	Over \$275,000 but	\$20,966.00 plus 10.00% of
15	not over \$325,000	excess over \$275,000
16	Over \$325,000	\$25,966.00 plus 11.00% of
17		excess over \$325,000.
18		

19 [In the case of any taxable year beginning after December
20 31, 2026:]

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



1	Not over \$14,400	1.40% of taxable income
2	Over \$14,400 but	\$202.00 plus 3.20% of
3	not over \$19,200	excess over \$14,400
4	Over \$19,200 but	\$355.00 plus 5.50% of
5	not over \$24,000	excess over \$19,200
6	Over \$24,000 but	\$619.00 plus 6.40% of
7	not over \$36,000	excess over \$24,000
8	Over \$36,000 but	\$1,387.00 plus 6.80% of
9	not over \$48,000	excess over \$36,000
10	Over \$48,000 but	\$2,203.00 plus 7.20% of
11	not over \$125,000	excess over \$48,000
12	Over \$125,000 but	\$7,747.00 plus 7.60% of
13	not over \$175,000	excess over \$125,000
14	Over \$175,000 but	\$11,547.00 plus 7.90% of
15	not over \$225,000	excess over \$175,000
16	Over \$225,000 but	\$15,497.00 plus 8.25% of
17	not over \$275,000	excess over \$225,000
18	Over \$275,000 but	\$19,622.00 plus 9.00% of
19	not over \$325,000	excess over \$275,000
20	Over \$325,000 but	\$24,122.00 plus 10.00% of
21	not over \$400,000	excess over \$325,000



1	Over \$400,000	\$31,622.00 plus 11.00% of excess over \$400,000.
2		
3		
4	In the case of any taxable year beginning after December	
5	31, 2028:	
6	If the taxable income is:	The tax shall be:
7	Not over \$19,200	1.40% of taxable income
8	Over \$19,200 but	\$269.00 plus 3.20% of
9	not over \$24,000	excess over \$19,200
10	Over \$24,000 but	\$422.00 plus 5.50% of
11	not over \$36,000	excess over \$24,000
12	Over \$36,000 but	\$1,082.00 plus 6.40% of
13	not over \$48,000	excess over \$36,000
14	Over \$48,000 but	\$1,850.00 plus 6.80% of
15	not over \$125,000	excess over \$48,000
16	Over \$125,000 but	\$7,086.00 plus 7.20% of
17	not over \$175,000	excess over \$125,000
18	Over \$175,000 but	\$10,686.00 plus 7.60% of
19	not over \$225,000	excess over \$175,000
20	Over \$225,000 but	\$14,486.00 plus 7.90% of
21	not over \$275,000	excess over \$225,000



1	Over \$275,000 but	\$18,436.00 plus 8.25% of
2	not over \$325,000	excess over \$275,000
3	Over \$325,000 but	\$22,561.00 plus 9.00% of
4	not over \$400,000	excess over \$325,000
5	Over \$400,000 but	\$29,311.00 plus 10.00% of
6	not over \$475,000	excess over \$400,000
7	Over \$475,000	\$36,811.00 plus 11.00% of
8		excess over \$475,000.]

9 In the case of any taxable year beginning after December
 10 31, 2026:

	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
11	<u>Over \$100,000 but</u>	<u>8.25% of</u>
12	<u>not over \$150,000</u>	<u>excess over \$100,000</u>
13	<u>Over \$150,000 but</u>	<u>\$4,125 plus 9.00% of</u>
14	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
15	<u>Over \$175,000 but</u>	<u>\$6,375 plus 10.00% of</u>
16	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
17	<u>Over \$200,000</u>	<u>\$8,875 plus 11.00% of</u>
18		<u>excess over \$200,000."</u>

19
 20 PART VII



1 SECTION 9. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 10. This Act shall take effect on July 1, 2026,
4 and shall apply to taxable years beginning after December 31,
5 2026.

6

INTRODUCED BY: 

JAN 23 2026



Report Title:

Taxation; Exemptions; Groceries; Nonprescription Drugs; Income Tax; Income Tax Brackets; Standard Deduction; Unemployment Insurance; Low-income Household Renters' Income Tax Credit

Description:

PART II: Exempts the sale of groceries and nonprescription drugs from the general excise tax. PART III: Removes the state income tax on unemployment compensation benefits. PART IV: Doubles the standard deduction for individuals earning less than \$100,000 and joint filers earning less than \$200,000. Repeals the incremental increases on standard income tax deduction amounts. PART V: Increases the maximum adjusted gross income allowed to qualify for the low-income household renters' income tax credit and increases the credit amount. PART VI: Repeals the incremental changes to income tax brackets and removes the tax liability for the first \$100,000 of individual income earned.

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

