

A Bill for an Act Relating to Taxation.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Chapter 235, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (h) of section 235-2.3 to read:

“(h) Section 641 (with respect to imposition of tax) of the Internal Revenue Code shall be operative for the purposes of this chapter subject to the following:

- (1) The deduction for exemptions shall be allowed as provided in section 235-54(b).
- (2) The deduction for contributions and gifts in determining taxable income shall be limited to the amount allowed in the case of an individual, unless the contributions and gifts are to be used exclusively in the State.
- (3) The tax imposed by section 1(e) of the Internal Revenue Code as applied by section 641 of the Internal Revenue Code is hereby imposed by this chapter at the rate and amount [on individuals] as determined under section 235-51[(a)] (e).”

2. By amending section 235-51 to read:

“§235-51 [Tax on individuals; rate. (a) There shall be assessed, levied, collected, and paid, for each taxable year on the taxable income of every individual, a tax in the following amounts:

If the taxable income is:	The tax is:
Not over \$500	2.25% of taxable income
Over \$500, but not over \$1,000	\$11.25 plus 3.25% of excess over \$500
Over \$1,000, but not over \$1,500	\$27.50 plus 4.5% of excess over \$1,000
Over \$1,500, but not over \$2,000	\$50.00 plus 5% of excess over \$1,500
Over \$2,000, but not over \$3,000	\$75.00 plus 6.5% of excess over \$2,000
Over \$3,000, but not over \$5,000	\$140.00 plus 7.5% of excess over \$3,000
Over \$5,000, but not over \$10,000	\$290.00 plus 8.5% of excess over \$5,000
Over \$10,000, but not over \$14,000	\$715.00 plus 9.5% of excess over \$10,000
Over \$14,000, but not over \$20,000	\$1,095.00 plus 10% of excess over \$14,000
Over \$20,000, but not over \$30,000	\$1,695.00 plus 10.5% of excess over \$20,000
Over \$30,000	\$2,745.00 plus 11% of excess over \$30,000

(b) Tax on head of household; rate. There shall be assessed, levied, collected,

and paid, for each taxable year on the taxable income of every individual who is a head of household, a tax in the following amounts:

If the taxable income is:	The tax shall be:
Not over \$500	2.25% of taxable income
Over \$500, but not over \$1,000	\$11.25 plus 2.75% of excess over \$500
Over \$1,000, but not over \$1,500	\$25.00 plus 3.9% of excess over \$1,000
Over \$1,500, but not over \$2,000	\$44.50 plus 4.1% of excess over \$1,500
Over \$2,000, but not over \$3,000	\$65.00 plus 5.5% of excess over \$2,000
Over \$3,000, but not over \$5,000	\$120.00 plus 6.6% of excess over \$3,000
Over \$5,000, but not over \$10,000	\$252.00 plus 7.9% of excess over \$5,000
Over \$10,000, but not over \$20,000	\$647.00 plus 9.15% of excess over \$10,000
Over \$20,000, but not over \$30,000	\$1,562.00 plus 10.05% of excess over \$20,000
Over \$30,000, but not over \$40,000	\$2,567.00 plus 10.5% of excess over \$30,000
Over \$40,000 but not over \$60,000	\$3,617.00 plus 10.75% of excess over \$40,000
Over \$60,000	\$5,757.00 plus 11% of excess over \$60,000

(c)] Tax imposed on individuals; rates. (a) There is hereby imposed on the taxable income of (1) every taxpayer who files a joint return under section 235-93; and (2) every surviving spouse a tax determined in accordance with the following table:

<u>If taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$1,000</u>	<u>No Tax</u>
<u>Over \$1,000, but not over \$2,000</u>	<u>2.25% of excess over \$1,000</u>
<u>Over \$2,000, but not over \$3,000</u>	<u>\$22.50 plus 3.25% of excess over \$2,000</u>
<u>Over \$3,000, but not over \$4,000</u>	<u>\$55.00 plus 4.5% of excess over \$3,000</u>
<u>Over \$4,000, but not over \$5,000</u>	<u>\$100.00 plus 5.0% of excess over \$4,000</u>
<u>Over \$5,000, but not over \$7,000</u>	<u>\$150.00 plus 6.5% of excess over \$5,000</u>
<u>Over \$7,000, but not over \$11,000</u>	<u>\$280.00 plus 7.5% of excess over \$7,000</u>
<u>Over \$11,000, but not over \$21,000</u>	<u>\$580.00 plus 8.5% of excess over \$11,000</u>
<u>Over \$21,000, but not over \$29,000</u>	<u>\$1,430.00 plus 9.5% of excess over \$21,000</u>
<u>Over \$29,000, but not over \$41,000</u>	<u>\$2,190.00 plus 10.0% of excess over \$29,000</u>
<u>Over \$41,000, but not over \$61,000</u>	<u>\$3,390.00 plus 10.5% of excess over \$41,000</u>
<u>Over \$61,000</u>	<u>\$5,490.00 plus 11.0% of excess over \$61,000</u>

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

If taxable income is:

<u>Not over \$800</u>
<u>Over \$800, but not over \$1,300</u>
<u>Over \$1,300, but not over \$1,800</u>
<u>Over \$1,800, but not over \$2,300</u>
<u>Over \$2,300, but not over \$2,800</u>
<u>Over \$2,800, but not over \$3,800</u>
<u>Over \$3,800, but not over \$5,800</u>
<u>Over \$5,800, but not over \$10,800</u>
<u>Over \$10,800, but not over \$20,800</u>
<u>Over \$20,800, but not over \$30,800</u>
<u>Over \$30,800, but not over \$40,800</u>
<u>Over \$40,800, but not over \$60,800</u>
<u>Over \$60,800</u>

The tax is:

<u>No Tax</u>
<u>2.25% of excess over \$800</u>
<u>\$11.25 plus 2.75% of excess over \$1,300</u>
<u>\$25.00 plus 3.9% of excess over \$1,800</u>
<u>\$44.50 plus 4.1% of excess over \$2,300</u>
<u>\$65.00 plus 5.5% of excess over \$2,800</u>
<u>\$120.00 plus 6.6% of excess over \$3,800</u>
<u>\$252.00 plus 7.9% of excess over \$5,800</u>
<u>\$647.00 plus 9.15% of excess over</u>
<u>\$10,800</u>
<u>\$1,562.00 plus 10.05% of excess over</u>
<u>\$20,800</u>
<u>\$2,567.00 plus 10.5% of excess over</u>
<u>\$30,800</u>
<u>\$3,617.00 plus 10.75% of excess over</u>
<u>\$40,800</u>
<u>\$5,767.00 plus 11.0% of excess over</u>
<u>\$60,800</u>

(c) There is hereby imposed on the taxable income of every unmarried individual (other than a surviving spouse, or the head of a household) a tax determined in accordance with the following table:

If taxable income is:

<u>Not over \$800</u>
<u>Over \$800, but not over \$1,300</u>
<u>Over \$1,300, but not over \$1,800</u>
<u>Over \$1,800, but not over \$2,300</u>
<u>Over \$2,300, but not over \$2,800</u>
<u>Over \$2,800, but not over \$3,800</u>
<u>Over \$3,800, but not over \$5,800</u>
<u>Over \$5,800, but not over \$10,800</u>
<u>Over \$10,800, but not over \$14,800</u>
<u>Over \$14,800, but not over \$20,800</u>
<u>Over \$20,800, but not over \$30,800</u>
<u>Over \$30,800</u>

The tax is:

<u>No Tax</u>
<u>2.25% of excess over \$800</u>
<u>\$11.25 plus 3.25% of excess over \$1,300</u>
<u>\$27.50 plus 4.5% of excess over \$1,800</u>
<u>\$50.00 plus 5.0% of excess over \$2,300</u>
<u>\$75.00 plus 6.5% of excess over \$2,800</u>
<u>\$140.00 plus 7.5% of excess over \$3,800</u>
<u>\$290.00 plus 8.5% of excess over \$5,800</u>
<u>\$715.00 plus 9.5% of excess over</u>
<u>\$10,800</u>
<u>\$1,095.00 plus 10.0% excess over</u>
<u>\$14,800<sup>1</sup></u>
<u>\$1,695.00 plus 10.5% of excess over</u>
<u>\$20,800</u>
<u>\$2,745.00 plus 11.0% of excess over</u>
<u>\$30,800</u>

(d) There is hereby imposed on the taxable income of every married individual who does not make a single return jointly with the individual's spouse under section 235-93 a tax determined in accordance with the following table:

If taxable income is:

<u>Not over \$500</u>
<u>Over \$500, but not over \$1,000</u>
<u>Over \$1,000, but not over \$1,500</u>
<u>Over \$1,500, but not over \$2,000</u>
<u>Over \$2,000, but not over \$2,500</u>
<u>Over \$2,500, but not over \$3,500</u>
<u>Over \$3,500, but not over \$5,500</u>
<u>Over \$5,500, but not over \$10,500</u>
<u>Over \$10,500, but not over \$14,500</u>
<u>Over \$14,500, but not over \$20,500</u>
<u>Over \$20,500, but not over \$30,500</u>
<u>Over \$30,500</u>

The tax is:

<u>No Tax</u>
<u>2.25% of excess over \$500</u>
<u>\$11.25 plus 3.25% of excess over \$1,000</u>
<u>\$27.50 plus 4.5% of excess over \$1,500</u>
<u>\$50.00 plus 5.0% of excess over \$2,000</u>
<u>\$75.00 plus 6.5% of excess over \$2,500</u>
<u>\$140.00 plus 7.5% of excess over \$3,500</u>
<u>\$290.00 plus 8.5% of excess over \$5,500</u>
<u>\$715.00 plus 9.5% of excess over</u>
<u>\$10,500</u>
<u>\$1,095.00 plus 10.0% of excess over</u>
<u>\$14,500</u>
<u>\$1,695.00 plus 10.5% of excess over</u>
<u>\$20,500</u>
<u>\$2,745.00 plus 11.0% of excess over</u>
<u>\$30,500</u>

(e) The tax imposed by section 235-2.3(h) on estates and trusts shall be determined in accordance with the following table:

If taxable income is:

<u>Not over \$500</u>
<u>Over \$500, but not over \$1,000</u>
<u>Over \$1,000, but not over \$1,500</u>
<u>Over \$1,500, but not over \$2,000</u>
<u>Over \$2,000, but not over \$3,000</u>
<u>Over \$3,000, but not over \$5,000</u>
<u>Over \$5,000, but not over \$10,000</u>
<u>Over \$10,000, but not over \$14,000</u>
<u>Over \$14,000, but not over \$20,000</u>
<u>Over \$20,000, but not over \$30,000</u>
<u>Over \$30,000</u>

The tax is:

<u>2.25% of taxable income</u>
<u>\$11.25 plus 3.25% of excess over \$500</u>
<u>\$27.50 plus 4.5% of excess over \$1,000</u>
<u>\$50.00 plus 5% of excess over \$1,500</u>
<u>\$75.00 plus 6.5% of excess over \$2,000</u>
<u>\$140.00 plus 7.5% of excess over \$3,000</u>
<u>\$290.00 plus 8.5% of excess over \$5,000</u>
<u>\$715.00 plus 9.5% of excess over</u>
<u>\$10,000</u>
<u>\$1,095.00 plus 10% of excess over</u>
<u>\$14,000</u>
<u>\$1,695.00 plus 10.5% of excess over</u>
<u>\$20,000</u>
<u>\$2,745.00 plus 11% of excess over</u>
<u>\$30,000</u>

(f) Any taxpayer, other than a corporation, acting as a business entity in more than one state who is required by this chapter to file a return [and whose] may elect to report and pay a tax of .5 per cent of its annual gross sales (1) where the taxpayer's only activities in this State consist of sales; and (2) who does not own or rent real estate or tangible personal property; and (3) whose annual gross sales in or into this State during the tax year is not in excess of \$100,000 [may elect to report and pay a tax of .5 per cent of such annual gross sales]."

3. By amending section 235-52 to read:

**“§235-52 Tax in case of joint return or return of surviving spouse.** In the case of a joint return of a husband and wife under section 235-93, the tax imposed, as near as may be, by [section 235-51] this chapter shall be twice the tax which would be imposed if the taxable income were cut in half[.] subject to the inclusion of zero=~~bracket amounts.~~ For purposes of this section and section 235-53, a return of a surviving spouse, as defined in the Internal Revenue Code, shall be treated as a joint return of a husband and wife under section 235-93.”

4. By amending section 235-93 to read:

**“§235-93 Joint returns.** A husband and wife, having that status for purposes of the Internal Revenue Code and entitled to make a joint federal return for the taxable year, may make a single return jointly of taxes under this chapter for the taxable year. In that case the tax shall be computed on [the] their aggregate income as provided in section 235-52, and the liability with respect to the tax shall be joint and several. For purposes for this chapter “aggregate income” means the income of both spouses without regard to source in the State.

If an individual has filed a separate return for a taxable year for which a joint return could have been made by [him] the taxpayer and [his] the taxpayer's spouse, an election thereafter to make a joint return for the taxable year shall be made only upon compliance with [regulations] rules of the department of taxation, which may limit the election and prescribe the terms and provisions applicable in such cases as nearly as may be in conformity with the Internal Revenue Code.”

SECTION 2. The substantive provisions of this Act shall amend any other conflicting Act enacted by the regular session of 1982, but nonsubstantive amendments made by this Act shall not supersede any substantive amendments made to section 235-2.3, Hawaii Revised Statutes, by any other Act enacted by the regular session of 1982.

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 4. This Act, upon its approval, shall apply to taxable years beginning after December 31, 1981.

(Approved April 23, 1982.)

**Note**

1. So in original.