

ACT 223

S.B. NO. 555

A Bill for an Act Relating to Tax Credits.

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

SECTION 1. The purpose of this Act is to increase the refundable food/ excise tax credit.

SECTION 2. Section 235-55.85, Hawaii Revised Statutes, is amended as follows:

1. By amending subsections (a), (b), and (c) to read:

“(a) Each ~~resident~~ individual taxpayer, who files an individual income tax return for a taxable year, and who is not claimed or is not otherwise eligible to be claimed as a dependent by another taxpayer for federal or Hawaii state individual income tax purposes, may claim a refundable food/excise tax credit against the ~~resident~~ taxpayer’s individual income tax liability for the taxable year for which the individual income tax return is being filed; provided that ~~a resident~~ an individual who has no income or no income taxable under this chapter and who is not claimed or is not otherwise eligible to be claimed as a dependent by a taxpayer for federal or Hawaii state individual income tax purposes may claim this credit.

(b) Each ~~resident~~ individual taxpayer may claim a refundable food/excise tax credit multiplied by the number of qualified exemptions to which the taxpayer is entitled in accordance with the table below; provided that a husband and wife filing separate tax returns for a taxable year for which a joint return could have been filed by them shall claim only the tax credit to which they would have been entitled had a joint return been filed.

<u>Adjusted gross income for taxpayers filing a single return</u>	<u>Credit per exemption</u>
Under \$5,000	[\$85] \$110
\$5,000 under \$10,000	[75] \$100
\$10,000 under \$15,000	[65] \$ 85
\$15,000 under \$20,000	[55] \$ 70
\$20,000 under \$30,000	[45] \$ 55
\$30,000 under \$40,000	35
\$40,000 under \$50,000	25
\$50,000] and over	\$0

<u>Adjusted gross income for heads of household, married individuals filing separate returns, and married couples filing joint returns</u>	<u>Credit per exemption</u>
<u>Under \$5,000</u>	<u>\$110</u>
<u>\$5,000 under \$10,000</u>	<u>\$100</u>
<u>\$10,000 under \$15,000</u>	<u>\$ 85</u>
<u>\$15,000 under \$20,000</u>	<u>\$ 70</u>
<u>\$20,000 under \$30,000</u>	<u>\$ 55</u>
<u>\$30,000 under \$40,000</u>	<u>\$ 45</u>
<u>\$40,000 under \$50,000</u>	<u>\$ 35</u>
<u>\$50,000 and over</u>	<u>\$ 0</u>

(c) For the purposes of this section, a qualified exemption is defined to include those exemptions permitted under this chapter; provided that no additional exemption may be claimed by a taxpayer who is sixty-five years of age or older; provided that a person for whom exemption is claimed has been physically ~~resided~~ present in the State for more than nine months during the taxable year; and provided further that multiple exemptions shall not be granted because of deficiencies in vision or hearing, or other disability. For purposes of claiming this credit only, a minor child receiving support from the department of human services of the State, social security survivor’s benefits, and the like, may be considered a dependent and a qualified exemption of the parent or guardian.”

2. By amending subsection (e) to read:

“(e) The tax credits claimed by a ~~resident~~ taxpayer pursuant to this section shall be deductible from the ~~resident~~ taxpayer’s individual income tax liability, if any, for the tax year in which they are properly claimed. If the tax credits claimed by a ~~resident~~ taxpayer exceed the amount of income tax payment due from the ~~resident~~ taxpayer, the excess of credits over payments due shall be refunded to the ~~resident~~ taxpayer; provided that tax credits properly claimed by a ~~resident~~ individual who has no income tax liability shall be paid to the ~~resident~~ individual; and provided further that no refunds or payment on account of the tax credits allowed by this section shall be made for amounts less than \$1.”

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

SECTION 4. This Act, upon its approval, shall apply to taxable years beginning after December 31, 2015; provided that this Act shall be repealed on December 31, 2017, and section 235-55.85, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day prior to the effective date of this Act.

(Approved July 9, 2015.)