

**ACT 235**

H.B. NO. 1702

A Bill for an Act Relating to Taxation.

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

SECTION 1. Section 235-55.6, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) Allowance of credit.

(1) In general. For each resident 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, who maintains a household which includes as a member one or more qualifying individuals (as defined in subsection (b)(1)), there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage of the employment-related expenses (as defined in subsection (b)(2)) paid by ~~such~~ the individual during the taxable year. If the tax credit claimed by a resident taxpayer exceeds the amount of income tax payment due from the resident taxpayer, the excess of the credit over payments due shall be refunded to the resident taxpayer; provided that tax credit 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 credit allowed by this section shall be made for amounts less than \$1.

- (2) Applicable percentage [defined]. For purposes of paragraph (1), the ~~term "applicable percentage" means twenty-five per cent reduced (but not below fifteen per cent) by one percentage point of each \$2,000 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds \$22,000.~~ taxpayer's applicable percentage shall be determined as follows:

<u>Adjusted gross income</u>	<u>Applicable percentage</u>
<u>Not over \$25,000</u>	<u>25%</u>
<u>Over \$25,000 but</u> <u>not over \$30,000</u>	<u>24%</u>
<u>Over \$30,000 but</u> <u>not over \$35,000</u>	<u>23%</u>
<u>Over \$35,000 but</u> <u>not over \$40,000</u>	<u>22%</u>
<u>Over \$40,000 but</u> <u>not over \$45,000</u>	<u>21%</u>
<u>Over \$45,000 but</u> <u>not over \$50,000</u>	<u>20%</u>
<u>Over \$50,000</u>	<u>15%</u>

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 Statutory material to be repealed is bracketed and stricken.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

SECTION 3. This Act, upon its approval, shall apply to taxable years beginning after December 31, 2015.

(Approved July 12, 2016.)