

ACT 25

S.B. NO. 1466

A Bill for an Act Relating to the Earned Income Tax Credit.

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

SECTION 1. Section 235-55.75, Hawaii Revised Statutes, is amended as follows:

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

“(a) Each qualifying individual taxpayer may claim a refundable earned income tax credit. ~~[The]~~ Unless otherwise provided by law, the tax credit, for the appropriate taxable year, shall be forty per cent of the federal earned income tax credit allowed and properly claimed under section 32 of the Internal Revenue Code and reported as such on the individual’s federal income tax return.

(b) For a part-year resident~~[-]~~ or a nonresident, the tax credit shall equal the amount of the tax credit calculated in subsection (a) multiplied by the ratio of Hawaii adjusted gross income to federal adjusted gross income.

(c) For purposes of this section, “qualifying individual taxpayer” means a ~~[taxpayer]~~ resident or nonresident individual that:

- (1) Files a federal income tax return for the taxable year claiming the earned income tax credit under section 32 of the Internal Revenue Code; and
- (2) Files a Hawaii income tax return using the filing status used on the federal income tax return for the taxable year and claiming the same dependents claimed on the federal income tax return for the taxable year.”

2. By amending subsection (g) to read as follows:

“(g) If nonrefundable credits claimed under this section for any of the four consecutive taxable years beginning after December 31, 2017, exceed the taxpayer’s income tax liability for the original claim year, the excess of the tax credits over liability may be used as a credit against the taxpayer’s net income tax liability in subsequent years until exhausted; provided that no credit carried forward under this subsection shall be used as a credit for a taxable year beginning after December 31, 2024. No nonrefundable credits claimed for the taxable year beginning after December 31, 2021, and carried forward under this section, shall be used as a credit for a taxable year beginning after December 31, 2025.”

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 Statutory material to be repealed is bracketed and stricken.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, 2024; provided that the amendments made to section 235-55.75(a), Hawaii Revised Statutes, by this Act shall not be repealed when section 235-55.75(a), Hawaii Revised Statutes, is reenacted on December 31, 2027, pursuant to section 5 of Act 163, Session Laws of Hawaii 2023.

(Approved April 23, 2025.)