

JAN 23 2015

A BILL FOR AN ACT

RELATING TO INCOME TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Low-income tax credit; tax liability. (a)

5 There shall be allowed to each taxpayer subject to the taxes
6 imposed by this chapter, an income tax credit that reduces the
7 taxpayer's income tax liability by fifty per cent for the
8 taxable year in which the tax credit is properly claimed;
9 provided that:

- 10 (1) Any taxpayer with an income tax liability and a
11 federal adjusted gross income at or below the federal
12 poverty guidelines shall receive an income tax credit
13 under this section that eliminates the taxpayer's
14 income tax liability under this chapter; and
- 15 (2) The tax credit under this section shall apply to a
16 taxpayer with an income tax liability and a federal
17 adjusted gross income between one hundred per cent and



1 one hundred twenty-five per cent of the federal
2 poverty guidelines.

3 Taxpayers with a federal adjusted gross income of one hundred
4 twenty-five per cent or more of the federal poverty guidelines
5 and an income tax liability shall be ineligible for the tax
6 credit under this section.

7 (b) All claims for a tax credit under this section,
8 including any amended claims, shall be filed on or before the
9 end of the twelfth month following the close of the taxable year
10 for which the tax credit may be claimed. Failure to comply with
11 the foregoing provision shall constitute a waiver of the right
12 to claim the tax credit.

13 (c) The director of taxation shall prepare any forms that
14 may be necessary to claim a credit under this section. The
15 director may also require the taxpayer to furnish information to
16 ascertain the validity of the claim for credit made under this
17 section.

18 (d) The department of taxation may adopt rules pursuant to
19 chapter 91 necessary to effectuate the purposes of this section.



1 (e) As used in this section, "federal poverty guidelines"
2 means the guidelines set forth each year by the United States
3 Department of Health and Human Services."

4 SECTION 2. New statutory material is underscored.

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

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S.B. NO. 553

Report Title:

Income Tax; Credit; Tax Liability

Description:

Reduces or eliminates the state income tax liability for taxpayers with a federal adjusted gross income of less than 125% of the federal poverty guidelines set forth each year by the United States Department of Health and Human Services. Applies to taxable years beginning after 12/31/2015.

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