A BILL FOR AN ACT

RELATING TO TAXATION.

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 subsection (a) to read:

"(a) Each qualifying individual taxpayer may claim a refundable earned income tax credit. The tax credit, for the appropriate taxable year, shall be twenty percent 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."

2. By amending subsection (d) to read:

"(d) The credit allowed under this section shall be claimed against the net income tax liability for the taxable year. If the tax credit under this section exceeds the taxpayer's income tax liability, the excess of the tax credit over liability may be used as a credit against the taxpayer's net income tax liability in subsequent years until exhausted."

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shall be refunded to the taxpayer; provided that no refunds or
payment on account of the tax credit allowed by this section
shall be made for amounts less than $1. The amount of the tax
credit properly claimed by a taxpayer who has no income tax
liability shall be paid to the taxpayer. All claims, including
amended claims, for a tax credit under this section shall be
filed on or before the end of the twelfth month following the
close of the taxable year for which the credit may be claimed.
Failure to comply with the foregoing provision shall constitute
a waiver of the right to claim the credit."

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 Statutory material to be repealed is bracketed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, 2018.
Report Title:
Earned Income Tax Credit; Refundable

Description:
Converts the earned income tax credit from a nonrefundable to a refundable tax credit.

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