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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. The legislature finds that Hawaii has the  
2 highest cost of living in the nation. According to the United  
3 States Census Bureau, Hawaii's domestic migration problem is  
4 worsening, with 13,537 more persons moving away from Hawaii than  
5 moving into the State during the 2016-2017 fiscal year. Such  
6 out-migration has more than doubled since 2014-2015, when Hawaii  
7 saw a population loss of 6,700 persons.

8           Hawaii's high cost of living creates economic precarity for  
9 working families. A survey conducted in 2016 highlighted that  
10 forty-nine per cent of respondents said that they lack  
11 sufficient funds to cover monthly expenses. Moreover, the  
12 National Low Income Housing Coalition's Out of Reach report for  
13 2018 found that a minimum-wage worker in the Honolulu  
14 metropolitan statistical area would need to work 109 hours per  
15 week to afford a one-bedroom rental home at fair market rent and  
16 143 hours per week to afford a two-bedroom rental home at fair  
17 market rent.



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1           According to the National Low Income Housing Coalition's  
2 2018 Hawaii Housing Profile, nineteen per cent of renter  
3 households qualify as extremely low income, with sixty-five per  
4 cent of extremely low-income renter households spending more  
5 than half of their income on housing costs and utilities. One  
6 way of easing the cost burden borne by renters, therefore, would  
7 be to increase Hawaii's income tax credit for low-income  
8 household renters, the value of which has not been raised since  
9 1981 and the income eligibility cutoff for which has not been  
10 adjusted since 1989.

11           Act 107, Session Laws of Hawaii 2017, established a  
12 nonrefundable earned income tax credit. A refundable tax credit  
13 means that a person's income tax liability can be reduced to  
14 zero and any unused credit is refunded. Unlike the state earned  
15 income tax credit, the federal earned income tax credit is  
16 refundable. Two-thirds of families in Hawaii who are eligible  
17 for the State's earned income tax credit do not benefit because  
18 this tax credit is nonrefundable.

19           The purpose of this Act is to address the impact of  
20 Hawaii's high cost of living on working families by:



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- 1           (1) Increasing the state tax credit for renters earning
- 2           less than \$60,000 per year and linking future
- 3           increases to the consumer price index;
- 4           (2) Making the state earned income tax credit refundable;
- 5           (3) Increasing the state food/excise tax credit by
- 6           specified amounts and linking future increases to the
- 7           consumer price index;
- 8           (4) Adjusting various income tax rates; and
- 9           (5) Minimizing the adverse budgetary effect of increasing
- 10          tax credits for working families by raising income
- 11          taxes for high-income taxpayers.

12          SECTION 2. Section 235-51, Hawaii Revised Statutes, is  
 13 amended by amending subsections (a), (b), and (c) to read as  
 14 follows:

15          "(a) There is hereby imposed on the taxable income of  
 16 every:

- 17          (1) Taxpayer who files a joint return under section 235-
- 18                 93; and
- 19          (2) Surviving spouse,

20 a tax determined in accordance with the following table:



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1           In the case of any taxable year beginning after December  
2 31, 2001:

3	If the taxable income is:	The tax shall be:
4	Not over \$4,000	1.40% of taxable income
5	Over \$4,000 but	\$56.00 plus 3.20% of
6	not over \$8,000	excess over \$4,000
7	Over \$8,000 but	\$184.00 plus 5.50% of
8	not over \$16,000	excess over \$8,000
9	Over \$16,000 but	\$624.00 plus 6.40% of
10	not over \$24,000	excess over \$16,000
11	Over \$24,000 but	\$1,136.00 plus 6.80% of
12	not over \$32,000	excess over \$24,000
13	Over \$32,000 but	\$1,680.00 plus 7.20% of
14	not over \$40,000	excess over \$32,000
15	Over \$40,000 but	\$2,256.00 plus 7.60% of
16	not over \$60,000	excess over \$40,000
17	Over \$60,000 but	\$3,776.00 plus 7.90% of
18	not over \$80,000	excess over \$60,000
19	Over \$80,000	\$5,356.00 plus 8.25% of
20		excess over \$80,000.



# H.B. NO. 231

1           In the case of any taxable year beginning after December  
2 31, 2006:

3	If the taxable income is:	The tax shall be:
4	Not over \$4,800	1.40% of taxable income
5	Over \$4,800 but	\$67.00 plus 3.20% of
6	not over \$9,600	excess over \$4,800
7	Over \$9,600 but	\$221.00 plus 5.50% of
8	not over \$19,200	excess over \$9,600
9	Over \$19,200 but	\$749.00 plus 6.40% of
10	not over \$28,800	excess over \$19,200
11	Over \$28,800 but	\$1,363.00 plus 6.80% of
12	not over \$38,400	excess over \$28,800
13	Over \$38,400 but	\$2,016.00 plus 7.20% of
14	not over \$48,000	excess over \$38,400
15	Over \$48,000 but	\$2,707.00 plus 7.60% of
16	not over \$72,000	excess over \$48,000
17	Over \$72,000 but	\$4,531.00 plus 7.90% of
18	not over \$96,000	excess over \$72,000
19	Over \$96,000	\$6,427.00 plus 8.25% of
20		excess over \$96,000.



# H.B. NO. 231

1           In the case of any taxable year beginning after December  
2 31, 2017:

3	If the taxable income is:	The tax shall be:
4	Not over \$4,800	1.40% of taxable income
5	Over \$4,800 but	\$67.00 plus 3.20% of
6	not over \$9,600	excess over \$4,800
7	Over \$9,600 but	\$221.00 plus 5.50% of
8	not over \$19,200	excess over \$9,600
9	Over \$19,200 but	\$749.00 plus 6.40% of
10	not over \$28,800	excess over \$19,200
11	Over \$28,800 but	\$1,363.00 plus 6.80% of
12	not over \$38,400	excess over \$28,800
13	Over \$38,400 but	\$2,016.00 plus 7.20% of
14	not over \$48,000	excess over \$38,400
15	Over \$48,000 but	\$2,707.00 plus 7.60% of
16	not over \$72,000	excess over \$48,000
17	Over \$72,000 but	\$4,531.00 plus 7.90% of
18	not over \$96,000	excess over \$72,000
19	Over \$96,000 but	\$6,427.00 plus 8.25% of
20	not over \$300,000	excess over \$96,000



# H.B. NO. 231

1           Over \$300,000 but                           \$23,257.00 plus 9.00% of  
2                   not over \$350,000                           excess over \$300,000  
3           Over \$350,000 but                           \$27,757.00 plus 10.00% of  
4                   not over \$400,000                           excess over \$350,000  
5           Over \$400,000                           \$32,757.00 plus 11.00% of  
6   excess over \$400,000.

7

8           In the case of any taxable year beginning after December

9   31, 2019:

10	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
11	<u>Not over \$4,800</u>	<u>1.40% of taxable income</u>
12	<u>Over \$4,800 but</u>	<u>\$67.00 plus 3.20% of</u>
13	<u>not over \$9,600</u>	<u>excess over \$4,800</u>
14	<u>Over \$9,600 but</u>	<u>\$221.00 plus 5.50% of</u>
15	<u>not over \$19,200</u>	<u>excess over \$9,600</u>
16	<u>Over \$19,200 but</u>	<u>\$749.00 plus 6.40% of</u>
17	<u>not over \$28,800</u>	<u>excess over \$19,200</u>
18	<u>Over \$28,800 but</u>	<u>\$1,363.00 plus 6.80% of</u>
19	<u>not over \$38,400</u>	<u>excess over \$28,800</u>
20	<u>Over \$38,400 but</u>	<u>\$2,016.00 plus 7.20% of</u>
21	<u>not over \$48,000</u>	<u>excess over \$38,400</u>



# H.B. NO. 231

1	<u>Over \$48,000 but</u>	<u>\$2,707.00 plus 7.60% of</u>
2	<u>not over \$72,000</u>	<u>excess over \$48,000</u>
3	<u>Over \$72,000 but</u>	<u>\$4,531.00 plus 7.90% of</u>
4	<u>not over \$96,000</u>	<u>excess over \$72,000</u>
5	<u>Over \$96,000 but</u>	<u>\$6,427.00 plus 8.25% of</u>
6	<u>not over \$300,000</u>	<u>excess over \$96,000</u>
7	<u>Over \$300,000 but</u>	<u>\$23,257.00 plus 11.00% of</u>
8	<u>not over \$350,000</u>	<u>excess over \$300,000</u>
9	<u>Over \$350,000 but</u>	<u>\$28,757.00 plus 12.00% of</u>
10	<u>not over \$400,000</u>	<u>excess over \$350,000</u>
11	<u>Over \$400,000</u>	<u>\$34,757.00 plus 13.00% of</u>
12		<u>excess over \$400,000.</u>

13 (b) There is hereby imposed on the taxable income of every  
 14 head of a household a tax determined in accordance with the  
 15 following table:

16  
 17 In the case of any taxable year beginning after December  
 18 31, 2001:

19	If the taxable income is:	The tax shall be:
20	Not over \$3,000	1.40% of taxable income





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1	Over \$3,000 but	\$42.00 plus 3.20% of
2	not over \$6,000	excess over \$3,000
3	Over \$6,000 but	\$138.00 plus 5.50% of
4	not over \$12,000	excess over \$6,000
5	Over \$12,000 but	\$468.00 plus 6.40% of
6	not over \$18,000	excess over \$12,000
7	Over \$18,000 but	\$852.00 plus 6.80% of
8	not over \$24,000	excess over \$18,000
9	Over \$24,000 but	\$1,260.00 plus 7.20% of
10	not over \$30,000	excess over \$24,000
11	Over \$30,000 but	\$1,692.00 plus 7.60% of
12	not over \$45,000	excess over \$30,000
13	Over \$45,000 but	\$2,832.00 plus 7.90% of
14	not over \$60,000	excess over \$45,000
15	Over \$60,000	\$4,017.00 plus 8.25% of
16		excess over \$60,000.

17  
18 In the case of any taxable year beginning after December

19 31, 2006:

20	If the taxable income is:	The tax shall be:
21	Not over \$3,600	1.40% of taxable income



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1	Over \$3,600 but	\$50.00 plus 3.20% of
2	not over \$7,200	excess over \$3,600
3	Over \$7,200 but	\$166.00 plus 5.50% of
4	not over \$14,400	excess over \$7,200
5	Over \$14,400 but	\$562.00 plus 6.40% of
6	not over \$21,600	excess over \$14,400
7	Over \$21,600 but	\$1,022.00 plus 6.80% of
8	not over \$28,800	excess over \$21,600
9	Over \$28,800 but	\$1,512.00 plus 7.20% of
10	not over \$36,000	excess over \$28,800
11	Over \$36,000 but	\$2,030.00 plus 7.60% of
12	not over \$54,000	excess over \$36,000
13	Over \$54,000 but	\$3,398.00 plus 7.90% of
14	not over \$72,000	excess over \$54,000
15	Over \$72,000	\$4,820.00 plus 8.25% of
16		excess over \$72,000.

17  
18 In the case of any taxable year beginning after December

19 31, 2017:

20	If the taxable income is:	The tax shall be:
21	Not over \$3,600	1.40% of taxable income

**H.B. NO. 231**

1	Over \$3,600 but	\$50.00 plus 3.20% of
2	not over \$7,200	excess over \$3,600
3	Over \$7,200 but	\$166.00 plus 5.50% of
4	not over \$14,400	excess over \$7,200
5	Over \$14,400 but	\$562.00 plus 6.40% of
6	not over \$21,600	excess over \$14,400
7	Over \$21,600 but	\$1,022.00 plus 6.80% of
8	not over \$28,800	excess over \$21,600
9	Over \$28,800 but	\$1,512.00 plus 7.20% of
10	not over \$36,000	excess over \$28,800
11	Over \$36,000 but	\$2,030.00 plus 7.60% of
12	not over \$54,000	excess over \$36,000
13	Over \$54,000 but	\$3,398.00 plus 7.90% of
14	not over \$72,000	excess over \$54,000
15	Over \$72,000 but	\$4,820.00 plus 8.25% of
16	not over \$225,000	excess over \$72,000
17	Over \$225,000 but	\$17,443.00 plus 9.00% of
18	not over \$262,500	excess over \$225,000
19	Over \$262,500 but	\$20,818.00 plus 10.00% of
20	not over \$300,000	excess over \$262,500





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1	<u>Over \$72,000 but</u>	<u>\$4,820.00 plus 8.25% of</u>
2	<u>not over \$225,000</u>	<u>excess over \$72,000</u>
3	<u>Over \$225,000 but</u>	<u>\$17,443.00 plus 9.00% of</u>
4	<u>not over \$262,500</u>	<u>excess over \$225,000</u>
5	<u>Over \$262,500 but</u>	<u>\$20,818.00 plus 10.00% of</u>
6	<u>not over \$300,000</u>	<u>excess over \$262,500</u>
7	<u>Over \$300,000</u>	<u>\$24,568.00 plus 13.00% of</u>
8		<u>excess over \$300,000.</u>

9

10 (c) There is hereby imposed on the taxable income of (1)

11 every unmarried individual (other than a surviving spouse, or

12 the head of a household) and (2) on the taxable income of every

13 married individual who does not make a single return jointly

14 with the individual's spouse under section 235-93 a tax

15 determined in accordance with the following table:

16

17 In the case of any taxable year beginning after December

18 31, 2001:

19	If the taxable income is:	The tax shall be:
20	Not over \$2,000	1.40% of taxable income



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1	Over \$2,000 but	\$28.00 plus 3.20% of
2	not over \$4,000	excess over \$2,000
3	Over \$4,000 but	\$92.00 plus 5.50% of
4	not over \$8,000	excess over \$4,000
5	Over \$8,000 but	\$312.00 plus 6.40% of
6	not over \$12,000	excess over \$8,000
7	Over \$12,000 but	\$568.00 plus 6.80% of
8	not over \$16,000	excess over \$12,000
9	Over \$16,000 but	\$840.00 plus 7.20% of
10	not over \$20,000	excess over \$16,000
11	Over \$20,000 but	\$1,128.00 plus 7.60% of
12	not over \$30,000	excess over \$20,000
13	Over \$30,000 but	\$1,888.00 plus 7.90% of
14	not over \$40,000	excess over \$30,000
15	Over \$40,000	\$2,678.00 plus 8.25% of
16		excess over \$40,000.

17  
18 In the case of any taxable year beginning after December

19 31, 2006:

20	If the taxable income is:	The tax shall be:
21	Not over \$2,400	1.40% of taxable income

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1	Over \$2,400 but	\$34.00 plus 3.20% of
2	not over \$4,800	excess over \$2,400
3	Over \$4,800 but	\$110.00 plus 5.50% of
4	not over \$9,600	excess over \$4,800
5	Over \$9,600 but	\$374.00 plus 6.40% of
6	not over \$14,400	excess over \$9,600
7	Over \$14,400 but	\$682.00 plus 6.80% of
8	not over \$19,200	excess over \$14,400
9	Over \$19,200 but	\$1,008.00 plus 7.20% of
10	not over \$24,000	excess over \$19,200
11	Over \$24,000 but	\$1,354.00 plus 7.60% of
12	not over \$36,000	excess over \$24,000
13	Over \$36,000 but	\$2,266.00 plus 7.90% of
14	not over \$48,000	excess over \$36,000
15	Over \$48,000	\$3,214.00 plus 8.25% of
16		excess over \$48,000.

17  
18 In the case of any taxable year beginning after December

19 31, 2017:

20	If the taxable income is:	The tax shall be:
21	Not over \$2,400	1.40% of taxable income



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1	Over \$2,400 but	\$34.00 plus 3.20% of
2	not over \$4,800	excess over \$2,400
3	Over \$4,800 but	\$110.00 plus 5.50% of
4	not over \$9,600	excess over \$4,800
5	Over \$9,600 but	\$374.00 plus 6.40% of
6	not over \$14,400	excess over \$9,600
7	Over \$14,400 but	\$682.00 plus 6.80% of
8	not over \$19,200	excess over \$14,400
9	Over \$19,200 but	\$1,008.00 plus 7.20% of
10	not over \$24,000	excess over \$19,200
11	Over \$24,000 but	\$1,354.00 plus 7.60% of
12	not over \$36,000	excess over \$24,000
13	Over \$36,000 but	\$2,266.00 plus 7.90% of
14	not over \$48,000	excess over \$36,000
15	Over \$48,000 but	\$3,214.00 plus 8.25% of
16	not over \$150,000	excess over \$48,000
17	Over \$150,000 but	\$11,629.00 plus 9.00% of
18	not over \$175,000	excess over \$150,000
19	Over \$175,000 but	\$13,879.00 plus 10.00% of
20	not over \$200,000	excess over \$175,000







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1	<u>Over \$48,000 but</u>	<u>\$3,214.00 plus 8.25% of</u>
2	<u>not over \$150,000</u>	<u>excess over \$48,000</u>
3	<u>Over \$150,000 but</u>	<u>\$11,629.00 plus 9.00% of</u>
4	<u>not over \$175,000</u>	<u>excess over \$150,000</u>
5	<u>Over \$175,000 but</u>	<u>\$13,879.00 plus 10.00% of</u>
6	<u>not over \$200,000</u>	<u>excess over \$175,000</u>
7	<u>Over \$200,000</u>	<u>\$16,739.00 plus 13.00% of</u>
8		<u>excess over \$200,000."</u>

9 SECTION 3. Section 235-55.7, Hawaii Revised Statutes, is  
 10 amended to read as follows:

11 **"§235-55.7 Income tax credit for low-income household**

12 **renters.** (a) As used in this section:

13 (1) "Adjusted gross income" is defined by section 235-1.

14 (2) "Consumer price index" means the national consumer  
 15 price index average over a twelve-month period that is  
 16 published monthly by the United States Department of  
 17 Labor's Bureau of Labor Statistics as the "National  
 18 Consumer Price Index for All Urban Consumers-United  
 19 States City Average".

20 [~~2~~] (3) "Qualified exemption" includes those exemptions  
 21 permitted under this chapter; provided that a person



1 for whom exemption is claimed has physically resided  
2 in the State for more than nine months during the  
3 taxable year; and provided that multiple exemption  
4 shall not be granted because of deficiencies in  
5 vision, hearing, or other disability.

6 [~~3~~] (4) "Rent" means the amount paid in cash in any  
7 taxable year for the occupancy of a dwelling place  
8 which is used by a resident taxpayer or the resident  
9 taxpayer's immediate family as the principal residence  
10 in this State. Rent is limited to the amount paid for  
11 the occupancy of the dwelling place only, and is  
12 exclusive of charges for utilities, parking stalls,  
13 storage of goods, yard services, furniture,  
14 furnishings, and the like. Rent shall not include any  
15 rental claimed as a deduction from gross income or  
16 adjusted gross income for income tax purposes, any  
17 ground rental paid for use of land only, and any rent  
18 allowance or subsidies received.

19 (b) Each resident taxpayer who occupies and pays rent for  
20 real property within the State as the resident taxpayer's  
21 residence or the residence of the resident taxpayer's immediate



1 family which is not partially or wholly exempted from real  
2 property tax, who is not eligible to be claimed as a dependent  
3 for federal or state income taxes by another, and who files an  
4 individual net income tax return for a taxable year, may claim a  
5 tax credit under this section against the resident taxpayer's  
6 Hawaii state individual net income tax.

7 (c) Each taxpayer with an adjusted gross income of less  
8 than [~~\$30,000~~] \$60,000 who has paid more than \$1,000 in rent  
9 during the taxable year for which the credit is claimed may  
10 claim a tax credit of [~~\$50~~] \$150 multiplied by the number of  
11 qualified exemptions to which the taxpayer is entitled; provided  
12 each taxpayer sixty-five years of age or over may claim double  
13 the tax credit; and provided that a resident individual who has  
14 no income or no income taxable under this chapter may also claim  
15 the tax credit as set forth in this section.

16 (d) If a rental unit is occupied by two or more  
17 individuals, and more than one individual is able to qualify as  
18 a claimant, the claim for credit shall be based upon a pro rata  
19 share of the rent paid.

20 (e) The tax credits shall be deductible from the  
21 taxpayer's individual net income tax for the tax year in which



1 the credits are properly claimed; provided that a husband and  
2 wife filing separate returns for a taxable year for which a  
3 joint return could have been made by them shall claim only the  
4 tax credits to which they would have been entitled had a joint  
5 return been filed. In the event the allowed tax credits exceed  
6 the amount of the income tax payments due from the taxpayer, the  
7 excess of credits over payments due shall be refunded to the  
8 taxpayer; provided that allowed tax credits properly claimed by  
9 an individual who has no income tax liability shall be paid to  
10 the individual; and provided further that no refunds or payments  
11 on account of the tax credits allowed by this section shall be  
12 made for amounts less than \$1.

13 (f) The director of taxation shall prepare and prescribe  
14 the appropriate form or forms to be used herein, may require  
15 proof of the claim for tax credits, and may adopt rules pursuant  
16 to chapter 91.

17 (g) All of the provisions relating to assessments and  
18 refunds under this chapter and under section 231-23(c)(1) shall  
19 apply to the tax credits hereunder.

20 (h) Claims for tax credits under this section, including  
21 any amended claims thereof, shall be filed on or before the end



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1 of the twelfth month following the taxable year for which the  
2 credit may be claimed.

3 (i) For any taxable year beginning in a calendar year  
4 after 2019, each dollar amount contained in subsection (c) shall  
5 be increased by an amount equal to such dollar amount multiplied  
6 by the percentage, if any, by which the consumer price index for  
7 the preceding calendar year exceeds the consumer price index for  
8 calendar year 2019."

9 SECTION 4. Section 235-55.75, Hawaii Revised Statutes, is  
10 amended as follows:

11 1. By amending subsection (a) to read:

12 "(a) Each qualifying individual taxpayer may claim a  
13 [~~nonrefundable~~] refundable earned income tax credit. The tax  
14 credit, for the appropriate taxable year, shall be twenty per  
15 cent of the federal earned income tax credit allowed and  
16 properly claimed under section 32 of the Internal Revenue Code  
17 and reported as such on the individual's federal income tax  
18 return."

19 2. By amending subsection (d) to read:

20 "(d) The credit allowed under this section shall be  
21 claimed against the net income tax liability for the taxable



1 year. [~~If the tax credit under this section exceeds the~~  
2 ~~taxpayer's income tax liability, the excess of the tax credit~~  
3 ~~over liability may be used as a credit against the taxpayer's~~  
4 ~~net income tax liability in subsequent years until exhausted.]~~

5 If the tax credits claimed by a taxpayer exceed the amount of  
6 income tax payment due from the taxpayer, the excess of credits  
7 over payments due shall be refunded to the taxpayer; provided  
8 that tax credits properly claimed by an individual who has no  
9 income tax liability shall be paid to the individual; provided  
10 further that no refunds or payment on account of the tax credits  
11 allowed by this section shall be made for amounts less than \$1.

12 All claims, including amended claims, for a tax credit under  
13 this section shall be filed on or before the end of the twelfth  
14 month following the close of the taxable year for which the  
15 credit may be claimed. Failure to comply with the foregoing  
16 provision shall constitute a waiver of the right to claim the  
17 credit."

18 SECTION 5. Section 235-55.85, Hawaii Revised Statutes, is  
19 amended as follows:

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



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

10	Adjusted gross income	
11	for taxpayers filing	
12	a single return	Credit per exemption
13	Under \$5,000	<del>[\$110]</del> <u>\$125</u>
14	\$5,000 under \$10,000	<del>[\$100]</del> <u>\$110</u>
15	\$10,000 under \$15,000	<del>[\$85]</del> <u>\$ 95</u>
16	\$15,000 under \$20,000	<del>[\$70]</del> <u>\$ 80</u>
17	\$20,000 under \$30,000	<del>[\$55]</del> <u>\$ 65</u>
18	\$30,000 and over	\$ 0.
19	Adjusted gross income	
20	for heads of household,	
21	married individuals filing	





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1	separate returns, and	
2	married couples filing	
3	joint returns	Credit per exemption
4	Under \$5,000	<del>[\$110]</del> <u>\$125</u>
5	\$5,000 under \$10,000	<del>[\$100]</del> <u>\$110</u>
6	\$10,000 under \$15,000	<del>[\$85]</del> <u>\$ 95</u>
7	\$15,000 under \$20,000	<del>[\$70]</del> <u>\$ 80</u>
8	\$20,000 under \$30,000	<del>[\$55]</del> <u>\$ 65</u>
9	\$30,000 under \$40,000	<del>[\$45]</del> <u>\$ 50</u>
10	\$40,000 under \$50,000	<del>[\$35]</del> <u>\$ 40</u>
11	<u>\$50,000 under \$60,000</u>	<u>\$ 30</u>
12	<del>[\$50,000]</del> <u>\$60,000</u> and over	\$ 0.

13

14 (c) For the purposes of this section, a qualified

15 exemption is defined to include those exemptions permitted under

16 this chapter; provided that no additional exemption may be

17 claimed by a taxpayer who is sixty-five years of age or older;

18 provided that a person for whom exemption is claimed has been

19 physically present in the State for more than nine months during

20 the taxable year; and provided further that multiple exemptions

21 shall not be granted because of deficiencies in vision or



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1 hearing, or other disability. For purposes of claiming this  
2 credit only, a minor child receiving support from the department  
3 of human services of the State, social security survivor's  
4 benefits, and the like, may be considered a dependent and a  
5 qualified exemption of the parent or guardian. For any taxable  
6 year beginning in a calendar year after 2019, each dollar amount  
7 contained in subsection (b) shall be increased by an amount  
8 equal to such dollar amount multiplied by the percentage, if  
9 any, by which the consumer price index for the preceding  
10 calendar year exceeds the consumer price index for the calendar  
11 year 2019."

12 2. By amending subsection (g) to read:

13 "(g) For the purposes of this section[~~,"adjusted~~]:

14 "Adjusted gross income" means adjusted gross income as  
15 defined by the Internal Revenue Code.

16 "Consumer price index" means the national consumer price  
17 index average over a twelve-month period that is published  
18 monthly by the United States Department of Labor's Bureau of  
19 Labor Statistics as the "National Consumer Price Index for All  
20 Urban Consumers-United States City Average".



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1        "Qualified exemption" means those exemptions permitted  
 2 under this chapter; provided that no additional exemption may be  
 3 claimed by a taxpayer who is sixty-five years of age or older;  
 4 provided further that a person who claims such an exemption  
 5 shall have physically resided in the State for more than nine  
 6 months during the taxable year; provided further that multiple  
 7 exemptions shall not be granted because of deficiencies in  
 8 vision or hearing or other disability. For purposes of claiming  
 9 this credit only, a minor child receiving support from the  
 10 department of human services of the State, social security  
 11 survivor's benefits, and the like, may be considered a dependent  
 12 and a qualified exemption of the parent or guardian."

13        SECTION 6. Statutory material to be repealed is bracketed  
 14 and stricken. New statutory material is underscored.

15        SECTION 7. This Act shall take effect on July 1, 2019.

16

INTRODUCED BY: Amy Parnass

John M. Mats      [Signature]  
James C. [Signature]      [Signature]  
Nedra K. Nuhn      [Signature]  
[Signature]      [Signature]  
[Signature]      [Signature]



# H.B. NO. 231

**Report Title:**

Tax Fairness

**Description:**

Increases the state tax credit for renters earning less than \$60,000 per year and links future increases to the Consumer Price Index. Makes Hawaii's earned income tax credit refundable. Increases the state food/excise tax credit by specified amounts and links future increases to the Consumer Price Index. Minimizes the adverse budgetary effect of increasing tax credits for working families by raising income taxes for high-income taxpayers.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

