



GOV. MSG. NO. 1214

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

June 22, 2022

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Thirty-First State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirty-First State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 22, 2022, the following bill was signed into law:

HB2510 HD2 SD1 CD1

RELATING TO INCOME.  
**ACT 114**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

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# A BILL FOR AN ACT

RELATING TO INCOME.

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

1           SECTION 1. The legislature finds that the coronavirus  
2 disease 2019 (COVID-19) pandemic presented the world with  
3 unprecedented issues, forcing people out of employment or even  
4 their own homes. The COVID-19 pandemic further exacerbated the  
5 economic hardship for many Hawaii families who are above the  
6 federal poverty line but still struggle to make ends meet.  
7 According to Aloha United Way, the COVID-19 pandemic  
8 significantly increased the percentage of households that are  
9 considered to be asset limited, income constrained, and employed  
10 (ALICE) to fifty-nine per cent, which is up from forty-two per  
11 cent prior to the pandemic. Aloha United Way further reported a  
12 six hundred per cent increase in calls received from people  
13 seeking assistance during the pandemic.

14           The legislature further finds that increases to the cost of  
15 living in the State, combined with stagnant wages, have  
16 contributed to the increase in the number of ALICE households.  
17 The legislature also finds that while the cost of living  
18 continues to increase, minimum wage has not increased to an



1 appropriate amount necessary to offset the higher increase in  
2 cost of living. Increasing the minimum wage to support the  
3 working class is necessary to ensure that living in Hawaii is  
4 affordable. The legislature acknowledges the economic hardships  
5 experienced not only by ALICE households, but also by businesses  
6 that employ many of these families. While increasing the  
7 minimum wage will support employees, it will also have an impact  
8 on certain businesses, especially during a time of significant  
9 economic hardships brought on by government mandates to mitigate  
10 the spread of COVID-19. However, the legislature believes that  
11 helping working families by increasing the minimum wage is a  
12 necessary step to foster economic stability in Hawaii.

13 Accordingly, the purpose of this Act is to help working  
14 families by:

- 15 (1) Making the earned income tax credit refundable and  
16 permanent and provide a carryforward of nonrefundable  
17 credits previously claimed; and  
18 (2) Incrementally increasing the minimum wage beginning on  
19 October 1, 2022.

20 SECTION 2. Section 235-55.75, Hawaii Revised Statutes, is  
21 amended to read as follows:



1           " ~~[\$235-55.75]~~ ~~[- Earned]~~ Refundable earned income tax  
2 credit. (a) Each qualifying individual taxpayer may claim a  
3 ~~[nonrefundable]~~ refundable earned income tax credit. The tax  
4 credit, for the appropriate taxable year, shall be twenty per  
5 cent of the federal earned income tax credit allowed and  
6 properly claimed under section 32 of the Internal Revenue Code  
7 and reported as such on the individual's federal income tax  
8 return.

9           (b) For a part-year resident, the tax credit shall equal  
10 the amount of the tax credit calculated in subsection (a)  
11 multiplied by the ratio of Hawaii adjusted gross income to  
12 federal adjusted gross income.

13           (c) For purposes of this section, "qualifying individual  
14 taxpayer" means a taxpayer that:

15           (1) Files a federal income tax return for the taxable year  
16 claiming the earned income tax credit under section 32  
17 of the Internal Revenue Code; and

18           (2) Files a Hawaii income tax return using the filing  
19 status used on the federal income tax return for the  
20 taxable year and claiming the same dependents claimed  
21 on the federal income tax return for the taxable year.



1 (d) The credit allowed under this section shall be claimed  
2 against the net income tax liability for the taxable year. [~~If~~  
3 ~~the tax credit under this section exceeds the taxpayer's income~~  
4 ~~tax liability, the excess of the tax credit over liability may~~  
5 ~~be used as a credit against the taxpayer's net income tax~~  
6 ~~liability in subsequent years until exhausted.~~] If the tax  
7 credit claimed by the taxpayer under this section exceeds the  
8 amount of the income tax payments due from the taxpayer, the  
9 excess of credit over payments due shall be refunded to the  
10 taxpayer; provided that the tax credit properly claimed by a  
11 taxpayer who has no income tax liability shall be paid to the  
12 taxpayer; provided further that no refunds or payments on  
13 account of the tax credit allowed by this section shall be made  
14 for amounts less than \$1. All claims, including amended claims,  
15 for a tax credit under this section shall be filed on or before  
16 the end of the twelfth month following the close of the taxable  
17 year for which the credit may be claimed. Failure to comply  
18 with the foregoing provision shall constitute a waiver of the  
19 right to claim the credit.



1 (e) No credit shall be allowed under this section for any  
2 taxable year in the disallowance period. For purposes of this  
3 subsection, the disallowance period is:

4 (1) The period of ten taxable years after the most recent  
5 taxable year for which there was a final  
6 administrative or judicial decision that the  
7 taxpayer's claim for credit under this section was due  
8 to fraud; and

9 (2) The period of two taxable years after the most recent  
10 taxable year for which there was a final  
11 administrative or judicial decision disallowing the  
12 taxpayer's claim for credit.

13 (f) The director of taxation:

14 (1) Shall prepare any forms necessary to claim a tax  
15 credit under this section;

16 (2) May require proof of the claim for the tax credit;

17 (3) Shall alert eligible taxpayers of the tax credit using  
18 appropriate and available means;

19 (4) Shall prepare an annual public report to the  
20 legislature and the governor containing the:



- 1 (A) Number of credits granted for the prior calendar  
2 year;
- 3 (B) Total amount of the credits granted; and
- 4 (C) Average value of the credits granted to taxpayers  
5 whose earned income falls within various income  
6 ranges; and
- 7 (5) May adopt rules pursuant to chapter 91 to effectuate  
8 this section.

9 ~~[(g) This section shall apply to taxable years beginning  
10 after December 31, 2017, but shall not apply to taxable years  
11 beginning after December 31, 2022.]~~

12 (g) If nonrefundable credits claimed under this section  
13 for any of the four consecutive taxable years beginning after  
14 December 31, 2017, exceed the taxpayer's income tax liability  
15 for the original claim year, the excess of the tax credits over  
16 liability may be used as a credit against the taxpayer's net  
17 income tax liability in subsequent years until exhausted;  
18 provided that no credit carried forward under this subsection  
19 shall be used as a credit for a taxable year beginning after  
20 December 31, 2024."



1 SECTION 3. Section 387-2, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "**§387-2 Minimum wages.** (a) Except as provided in section  
4 387-9 and this section, every employer shall pay to each  
5 employee employed by the employer, wages at the rate of not less  
6 than:

- 7 (1) \$6.25 per hour beginning January 1, 2003;
- 8 (2) \$6.75 per hour beginning January 1, 2006;
- 9 (3) \$7.25 per hour beginning January 1, 2007;
- 10 (4) \$7.75 per hour beginning January 1, 2015;
- 11 (5) \$8.50 per hour beginning January 1, 2016;
- 12 (6) \$9.25 per hour beginning January 1, 2017; [~~and~~]
- 13 (7) \$10.10 per hour beginning January 1, 2018[~~-~~];
- 14 (8) \$12.00 per hour beginning October 1, 2022;
- 15 (9) \$14.00 per hour beginning January 1, 2024;
- 16 (10) \$16.00 per hour beginning January 1, 2026; and
- 17 (11) \$18.00 per hour beginning January 1, 2028.

18 (b) The hourly wage of a tipped employee may be deemed to  
19 be increased on account of tips if the employee is paid [~~not~~] no  
20 less than:

- 21 (1) 25 cents;





- 1 (2) 50 cents per hour beginning January 1, 2015; [~~and~~]
- 2 (3) 75 cents per hour beginning January 1, 2016[~~7~~];
- 3 (4) \$1.00 per hour beginning October 1, 2022;
- 4 (5) \$1.25 per hour beginning January 1, 2024; and
- 5 (6) \$1.50 per hour beginning January 1, 2028,

6 below the applicable minimum wage by the employee's employer and  
 7 the combined amount the employee receives from the employee's  
 8 employer and in tips is at least 50 cents more than the  
 9 applicable minimum wage; provided that beginning January 1,  
 10 2015, the combined amount the employee receives from the  
 11 employee's employer and in tips is at least \$7.00 more than the  
 12 applicable minimum wage."

13 SECTION 4. Statutory material to be repealed is bracketed  
 14 and stricken. New statutory material is underscored.

15 SECTION 5. This Act shall take effect upon its approval;  
 16 provided that section 2 shall apply to taxable years beginning  
 17 after December 31, 2022.

APPROVED this 22nd day of June , 2022



GOVERNOR OF THE STATE OF HAWAII



HB No. 2510, HD 2, SD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 3, 2022  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2022.



Scott K. Saiki  
Speaker  
House of Representatives





Brian L. Takeshita  
Chief Clerk  
House of Representatives

**THE SENATE OF THE STATE OF HAWAI‘I**

Date: May 3, 2022  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai‘i, Regular Session of 2022.

  
President of the Senate

  
Clerk of the Senate