
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

2 SECTION 1. Section 235-55.85, Hawaii Revised Statutes, is
3 amended by amending subsection (b) to read as follows:

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

12	Adjusted gross income	Credit per exemption
13	Under [\$5,000] \$ _____	[\$85] \$ _____
14	[\$5,000] \$ _____ under [\$10,000] \$ _____	[75] \$ _____
15	[\$10,000] \$ _____ under [\$15,000] \$ _____	[65] \$ _____
16	[\$15,000] \$ _____ under [\$20,000] \$ _____	[55] \$ _____
17	[\$20,000] \$ _____ under [\$30,000] \$ _____	[45] \$ _____
18	[\$30,000] \$ _____ under [\$40,000] \$ _____	[35] \$ _____



1 tax liability for low-income taxpayers. After completing the
2 income tax calculations required by this chapter, a taxpayer
3 with a federal adjusted gross income below the federal poverty
4 guidelines and with a state income tax liability shall receive a
5 credit that eliminates the taxpayer's state income tax
6 liability. A taxpayer with a federal adjusted gross income of
7 at least _____ but not more than _____ per cent of the
8 federal poverty guidelines and with a state income tax liability
9 shall receive a credit that reduces the taxpayer's state income
10 tax liability by fifty per cent. A taxpayer with a federal
11 adjusted gross income above _____ per cent of the federal
12 poverty guidelines shall be ineligible for the credit.

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

19 (c) The director of taxation shall prepare any forms that
20 may be necessary to claim a credit under this section. The
21 director may also require the taxpayer to furnish information to
22 ascertain the validity of the claim for the tax credit made



1 under this section and may adopt rules, pursuant to chapter 91,
2 necessary to effectuate the purposes of this section.

3 (d) For purposes of this section:

4 "Federal poverty guidelines" means the guidelines set forth
5 by the United States Department of Health and Human Services
6 each year for Hawaii.

7 §235- Earned income tax credit. (a) Each individual
8 taxpayer who:

9 (1) Files an individual income tax return for a taxable
10 year; and

11 (2) Is not claimed or is not eligible to be claimed as a
12 dependent by another taxpayer for income tax purposes,

13 may claim a refundable earned income tax credit. The tax
14 credit, for the appropriate taxable year, shall be per

15 cent of the federal earned income tax credit allowed under
16 section 32 of the Internal Revenue Code and reported as such on

17 the individual's federal income tax return. If the tax credit
18 claimed by a taxpayer exceeds the amount of income tax payment

19 due from the taxpayer, the excess of credit over payment due
20 shall be refunded to the taxpayer; provided that a tax credit

21 properly claimed by an individual who has no income tax

22 liability shall be paid to the individual; and provided further



1 that no refund or payment on account of the tax credit allowed
2 by this section shall be made for an amount less than \$1.

3 (b) In the case of a part-year resident, the tax credit
4 shall equal the amount of the tax credit calculated in
5 subsection (a) multiplied by the ratio of adjusted gross income
6 attributed to this State to the entire adjusted gross income
7 computed without regard to source in the State pursuant to
8 section 235-5.

9 (c) To claim the tax credit allowed under this section, an
10 individual taxpayer shall use the same filing status on the
11 taxpayer's Hawaii income tax return as used on the taxpayer's
12 federal income tax return for the taxable year.

13 (d) Any claim, including any amended claim, for tax
14 credits under this section shall be filed on or before the end
15 of the twelfth month following the close of the taxable year for
16 which the tax credit may be claimed. Failure to comply with
17 this subsection shall constitute a waiver of the right to claim
18 the tax credit.

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



- 1 (1) The period of ten taxable years after the most recent
2 taxable year for which there was a final determination
3 that the taxpayer's claim of credit under this section
4 was due to fraud; and
- 5 (2) The period of two taxable years after the most recent
6 taxable year for which there was a final determination
7 that the taxpayer's claim of credit under this section
8 was due to the reckless or intentional disregard of
9 rules and regulations to qualify for the tax credit,
10 but not due to fraud.
- 11 (f) Any person who is a tax return preparer, as defined
12 under section 231-36.5(h), shall be subject to regulations
13 referred to in section 231-36.5. Any tax return preparer who
14 fails to comply with due diligence requirements under the
15 regulations with respect to determining eligibility for, or the
16 amount of, the credit allowable by section 32 of the Internal
17 Revenue Code shall pay a penalty of \$100 for each failure.
- 18 (g) The director of taxation:
- 19 (1) Shall prepare any forms necessary to claim a tax
20 credit under this section;
- 21 (2) May require proof of the claim for the tax credit;



- 1 (3) Shall alert eligible taxpayers of the tax credit using
- 2 appropriate and available means;
- 3 (4) Shall prepare an annual public report to the
- 4 legislature and the governor containing the:
- 5 (A) Number of credits granted for the prior calendar
- 6 year;
- 7 (B) Total amount of the credits granted; and
- 8 (C) Average value of the credits granted to taxpayers
- 9 whose earned income falls within various income
- 10 ranges; and
- 11 (5) May adopt rules pursuant to chapter 91 to effectuate
- 12 this section."

PART IV

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

16 SECTION 5. This Act shall take effect on July 1, 2050, and
17 shall apply to taxable years beginning after December 31, .



Report Title:

Refundable Food/Excise Tax Credit; Income Tax Credit for Low-Income Household Renters; Low-Income Tax Credit; Earned Income Tax Credit

Description:

Amends the amount and threshold of the refundable food/excise tax credit and income tax credit for low-income household renters. Creates a new low-income tax credit and earned income tax credit. Effective 7/1/2050. (SD1)

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

