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July 3, 2007

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2007-14

RE: Act 211, Session Laws of Hawaii 2007, Relating to Taxation.

On June 26, 2007, Governor Linda Lingle signed into law Senate Bill 1882 SD 2, HD 1, CD 1, as Act 211.

Act 211 amends the current Low Income Refundable Tax Credit provided by Section 235-55.85, Hawaii Revised Statutes (HRS). Act 211 eliminates the name of the Low Income Refundable Tax Credit and changes the credit's name to the Refundable Food/Excise Tax Credit. The Act also adjusts the adjusted gross income and credit payout table by increasing the adjusted gross income that a Hawaii resident can earn in order to claim the credit. The credit payout table is correspondingly increased to provide additional benefit to claimants.

Act 211 amends HRS § 235-55.85 by adding a definition of adjusted gross income. For purposes of claiming the amended credit, "adjusted gross income" means a taxpayer's federal adjusted gross income.

The Refundable Food/Excise Tax Credit Table of Adjusted Gross Incomes and Credit Payouts is as follows:

Federal Adjusted Gross Income	Credit Per Exemption
Under $5,000	$85
$5,000 under $10,000	$75
$10,000 under $15,000	$65
$15,000 under $20,000	$55
$20,000 under $30,000	$45
$30,000 under $40,000	$35
$40,000 under $50,000	$25
$50,000 and over	$0

The Refundable Food/Excise Tax Credit is not available to the following persons:

- Any person who has been convicted of a felony and who has been committed to prison and has been physically confined for the full taxable year;
- Any person who would otherwise be eligible to be claimed as a dependent but who has been committed to a youth correctional facility and has resided at the facility for the full taxable year; and
- Any misdemeanant who has been committed to jail and has been physically confined for the full taxable year.

Act 211 takes effect on June 26, 2007 and is not available until taxable years beginning after December 31, 2007.

For more information on Act 211, please contact the Rules Office at 808-587-1577.

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