
A BILL FOR AN ACT

RELATING TO TAX EXEMPTION.

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

1 SECTION 1. Section 235-54, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§235-54 Exemptions.** (a) In computing the taxable income
4 of any individual, there shall be deducted, in lieu of the
5 personal exemptions allowed by the Internal Revenue Code,
6 personal exemptions computed as follows: Ascertain the number
7 of exemptions which the individual can lawfully claim under the
8 Internal Revenue Code, add an additional exemption for the
9 taxpayer or the taxpayer's spouse who is sixty-five years of age
10 or older within the taxable year, and multiply that number by
11 [~~\$1,040,~~] \$2,080, for taxable years beginning after [~~December~~
12 ~~31, 1984.~~] December 31, 2005. A nonresident shall prorate the
13 personal exemptions on account of income from sources outside
14 the State as provided in section 235-5. In the case of an
15 individual with respect to whom an exemption under this section
16 is allowable to another taxpayer for a taxable year beginning in
17 the calendar year in which the individual's taxable year begins,
18 the personal exemption amount applicable to such individual



1 under this subsection for such individual's taxable year shall
2 be zero.

3 (b) In computing the taxable income of an estate or trust
4 there shall be allowed, in lieu of the deductions allowed under
5 subsection (a), the following:

6 (1) An estate shall be allowed a deduction of [~~\$400.~~]
7 \$800.

8 (2) A trust [~~which,~~] that, under its governing instrument,
9 is required to distribute all of its income currently
10 shall be allowed a deduction of [~~\$200.~~] \$400.

11 (3) All other trusts shall be allowed a deduction of
12 [~~\$80.~~] \$160.

13 (c) A blind person, a deaf person and any person totally
14 disabled, in lieu of the personal exemptions allowed by the
15 Internal Revenue Code, shall be allowed, and there shall be
16 deducted in computing the taxable income of a blind person, a
17 deaf person, or a totally disabled person, instead of the
18 exemptions provided by subsection (a), the amount of [~~\$7,000.~~]
19 \$10,000."

20 SECTION 2. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 3. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2005.

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INTRODUCED BY:

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[Signature]

JAN 11 2006



HB 1798

Report Title:

Tax Exemption; State Tax

Description:

Doubles the state tax exemption in all categories except for the blind, deaf, and totally disabled who are provided a \$10,000 tax exemption.

