
A BILL FOR AN ACT

RELATING TO STANDARD DEDUCTION.

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

1 SECTION 1. Section 235-2.4, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Section 63 (with respect to taxable income defined)
4 of the Internal Revenue Code shall be operative for the purposes
5 of this chapter, except that the standard deduction amount in
6 section 63(c) of the Internal Revenue Code shall instead mean:

7 (1) For taxable years before January 1, 2007:

8 [~~1~~] (A) 1,900 in the case of:

9 [~~A~~] (i) A joint return as provided by section
10 235-93; or

11 [~~B~~] (ii) A surviving spouse (as defined in section
12 2(a) of the Internal Revenue Code);

13 [~~2~~] (B) \$1,650 in the case of a head of household (as
14 defined in section 2(b) of the Internal Revenue Code);

15 [~~3~~] (C) \$1,500 in the case of an individual who is not
16 married and who is not a surviving spouse or head of
17 household; or



1 [~~4~~] (D) \$950 in the case of a married individual filing a
2 separate return.

3 (2) For any taxable year beginning after December 31,
4 2006, and before January 1, 2008:

5 (A) \$3,000 in the case of:

6 (i) A joint return as provided by section
7 235-93; or

8 (ii) A surviving spouse (as defined in section
9 2(a) of the Internal Revenue Code);

10 (B) \$2,300 in the case of a head of household (as
11 defined in section 2(b) of the Internal Revenue
12 Code);

13 (C) \$1,500 in the case of an individual who is not
14 married and who is not a surviving spouse or head
15 of household; or

16 (D) \$1,500 in the case of a married individual filing
17 a separate return.

18 (3) For any taxable year beginning after December 31,
19 2007, and before January 1, 2009:

20 (A) \$4,000 in the case of:

21 (i) A joint return as provided by section
22 235-93; or



- 1 (ii) A surviving spouse (as defined in section
- 2 2(a) of the Internal Revenue Code);
- 3 (B) \$3,000 in the case of a head of household (as
- 4 defined in section 2(b) of the Internal Revenue
- 5 Code);
- 6 (C) \$2,000 in the case of an individual who is not
- 7 married and who is not a surviving spouse or head
- 8 of household; or
- 9 (D) \$2,000 in the case of a married individual filing
- 10 a separate return.
- 11 (4) For any taxable year beginning after December 31,
- 12 2008:
- 13 (A) \$5,000 in the case of:
- 14 (i) A joint return as provided by section
- 15 235-93; or
- 16 (ii) A surviving spouse (as defined in section
- 17 2(a) of the Internal Revenue Code);
- 18 (B) \$3,650 in the case of a head of household (as
- 19 defined in section 2(b) of the Internal Revenue
- 20 Code);



- 1 (C) \$2,500 in the case of an individual who is not
- 2 married and who is not a surviving spouse or head
- 3 of household; or
- 4 (D) \$2,500 in the case of a married individual filing
- 5 a separate return.

6 Section 63(c)(4) shall not be operative in this State.

7 Section 63(c)(5) shall be operative, except that the limitation
8 on basic standard deduction in the case of certain dependents
9 shall be the greater of \$500 or such individual's earned income.

10 Section 63(f) shall not be operative in this State.

11 The standard deduction amount for nonresidents shall be
12 calculated pursuant to section 235-5."

13 SECTION 2. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 3. This Act, upon its approval, shall apply to
16 taxable years beginning after December 31, 2006.

17

INTRODUCED BY: *Peny. 2*

JAN 25 2006



HB2783

Report Title:

Taxation; Standard Deduction

Description:

Raises the state standard deduction over a three-year period beginning in 2007.

