

---

---

## A BILL FOR AN ACT

RELATING TO TAXATION.

**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) \$4,000 in the case of:~~

8           ~~(A) A joint return as provided by section 235-93; or~~

9           ~~(B) A surviving spouse (as defined in section 2(a) of~~  
10           ~~the Internal Revenue Code);~~

11           ~~(2) \$2,920 in the case of a head of household (as defined~~  
12           ~~in section 2(b) of the Internal Revenue Code);~~

13           ~~(3) \$2,000 in the case of an individual who is not married~~  
14           ~~and who is not a surviving spouse or head of~~  
15           ~~household; or~~

16           ~~(4) \$2,000 in the case of a married individual filing a~~  
17           ~~separate return.]~~

18           the following amount, as applicable:



- 1        (1) Fifty per cent of the federal amount for the tax year
- 2                ending December 31, 2007;
- 3        (2) Fifty-five per cent of the federal amount for the tax
- 4                year ending December 31, 2008; and
- 5        (3) Sixty per cent of the federal amount for the tax year
- 6                ending December 31, 2009 and thereafter.

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

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

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

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

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 Statutory material to be repealed is bracketed  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

16                SECTION 3. This Act shall take effect upon its approval  
17       and shall apply to taxable years beginning after December 31,  
18       2006.

19

INTRODUCED BY 

JAN 19 2007



**Report Title:**

Taxation; Standard Deduction

**Description:**

Raises the state standard deduction over three years based on the federal standard deduction.

