
A BILL FOR AN ACT

RELATING TO INCREASING THE STANDARD DEDUCTION FOR INDIVIDUAL
INCOME TAXATION.

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

1 SECTION 1. This Act aims to provide an income tax cut for
2 a vast majority of individual taxpayers. Increasing the
3 standard deduction will primarily benefit low- and
4 moderate-income individuals by raising the Hawaii standard
5 deduction to more accurately reflect the 2005 federal standard
6 deduction. In addition, this Act aims to narrow the disparity
7 between the State's high income taxes and the economic reality
8 of Hawaii's high cost of living.

9 Since 1983, the tax review commission has consistently
10 recommended that the standard deduction be increased to assure
11 the State's tax structure provides financial equity to the poor
12 and to reflect the economic realities of living in Hawaii. The
13 State's present standard deduction of \$4,000 for joint filers is
14 markedly lower than the 2005 federal standard deduction of
15 \$10,000. This Act accomplishes meaningful tax relief for low-
16 and moderate-income families by making the necessary amendments
17 to the tax laws.



1 SECTION 2. 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
12 household (as defined in section 2(b) of the Internal
13 Revenue Code);

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

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

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

20 Section 63(c) (5) shall be operative, except that the limitation
21 on basic standard deduction in the case of certain dependents



1 shall be the greater of \$500 or such individual's earned income.

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

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

5 SECTION 3. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 4. This Act shall take effect on July 1, 2025, and
8 shall apply to taxable years beginning after December 31, .



Report Title:

Taxation; Increasing Standard Seduction

Description:

Raises the Hawaii standard deduction. (SD1)

