
A BILL FOR AN ACT

RELATING TO TAX EXEMPTIONS.

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^[7] of
6 1986, as amended and except as provided in subsection (c),
7 personal exemptions that shall be computed as follows:
8 Ascertain the number of exemptions which the individual can
9 lawfully claim under the Internal Revenue Code, add an
10 additional exemption for the taxpayer or the taxpayer's spouse
11 who is sixty-five years of age or older within the taxable year,
12 and multiply that number by \$1,040, for taxable years beginning
13 after December 31, 1984. A nonresident shall prorate the
14 personal exemptions on account of income from sources outside
15 the State as provided in section 235-5. In the case of an
16 individual with respect to whom an exemption under this section
17 is allowable to another taxpayer for a taxable year beginning in
18 the calendar year in which the individual's taxable year begins,



1 the personal exemption amount applicable to such individual
2 under this subsection for such individual's taxable year shall
3 be zero.

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

7 (1) An estate shall be allowed a deduction of \$400.

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

11 (3) All other trusts shall be allowed a deduction of \$80.

12 (c) The phaseout under section 151(d)(3) of the Internal
13 Revenue Code of 1986, as amended, shall apply to this section;
14 provided that the threshold income amounts under section
15 151(d)(3)(C) of the Internal Revenue Code of 1986, as amended
16 shall be reduced by twenty five per cent for the purposes of
17 this subsection.

18 [~~e~~] (d) A blind person, a deaf person and any person
19 totally disabled, in lieu of the personal exemptions allowed by
20 the Internal Revenue Code, shall be allowed, and there shall be
21 deducted in computing the taxable income of a blind person, a



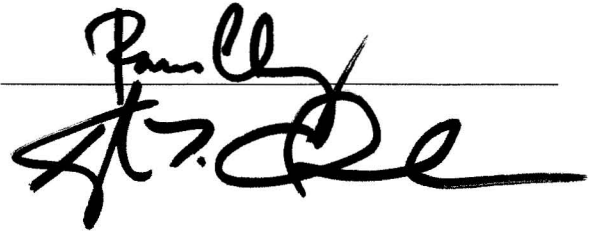
1 deaf person, or a totally disabled person, instead of the
2 exemptions provided by subsection (a), the amount of \$7,000."

3 SECTION 2. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act shall take effect upon its approval
6 and apply to taxable years beginning after December 31, 2008;
7 provided that this Act shall be repealed on June 30, 2015 and
8 section 235-54, Hawaii Revised Statutes, shall be reenacted in
9 the form in which it read on the day before the approval of this
10 Act.

11

INTRODUCED BY:

A handwritten signature in black ink, appearing to read "Pamela H. Hanover", written over a horizontal line.

JAN 28 2009



Report Title:

Taxation; Exemptions; Phaseout

Description:

Conforms state tax exemptions to federal phaseout provisions under section 151(d)(3) of the IRC.

