
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that Hawaii's economy is
2 slowly recovering from the recent economic downturn. However,
3 many of Hawaii's working families are having difficulty keeping
4 up and making ends meet. The legislature believes that action
5 must be taken to further facilitate the State's economic
6 recovery.

7 The purpose of this Act is to amend the state income tax
8 by:

- 9 (1) Increasing the standard deduction and allowable
10 personal exemption amounts; and
11 (2) Increasing the number of exemptions that may be
12 claimed by taxpayers who are sixty-five years of age
13 or older and meet certain income requirements.

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



1 "(a) Section 63 (with respect to taxable income defined)
2 of the Internal Revenue Code shall be operative for the purposes
3 of this chapter, subject to the following:

4 (1) Section 63(c)(1)(B) (relating to the additional
5 standard deduction), 63(c)(1)(C) (relating to the real
6 property tax deduction), 63(c)(1)(D) (relating to the
7 disaster loss deduction), 63(c)(1)(E) (relating to the
8 motor vehicle sales tax deduction), 63(c)(4) (relating
9 to inflation adjustments), 63(c)(7) (defining the real
10 property tax deduction), 63(c)(8) (defining the
11 disaster loss deduction), 63(c)(9) (defining the motor
12 vehicle sales tax deduction), and 63(f) (relating to
13 additional amounts for the aged or blind) of the
14 Internal Revenue Code shall not be operative for
15 purposes of this chapter;

16 (2) Section 63(c)(2) (relating to the basic standard
17 deduction) of the Internal Revenue Code shall be
18 operative, except that the standard deduction amounts
19 provided therein shall instead mean:

20 (A) [~~\$4,400~~] \$5,200 in the case of:



- 1 (i) A joint return as provided by section 235-
- 2 93; or
- 3 (ii) A surviving spouse (as defined in section
- 4 2(a) of the Internal Revenue Code);
- 5 (B) [~~\$3,212~~] \$3,796 in the case of a head of
- 6 household (as defined in section 2(b) of the
- 7 Internal Revenue Code);
- 8 (C) [~~\$2,200~~] \$2,600 in the case of an individual who
- 9 is not married and who is not a surviving spouse
- 10 or head of household; or
- 11 (D) [~~\$2,200~~] \$2,600 in the case of a married
- 12 individual filing a separate return;
- 13 (3) Section 63(c)(5) (limiting the basic standard
- 14 deduction in the case of certain dependents) of the
- 15 Internal Revenue Code shall be operative, except that
- 16 the limitation shall be the greater of \$500 or the
- 17 individual's earned income; and
- 18 (4) The standard deduction amount for nonresidents shall
- 19 be calculated pursuant to section 235-5."

20 SECTION 3. Section 235-54, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 "(a) In computing the taxable income of any individual,
2 there shall be deducted, in lieu of the personal exemptions
3 allowed by the Internal Revenue Code of 1986, as amended, and
4 except as provided in subsection (c), personal exemptions
5 computed as follows:

- 6 (1) Ascertain the number of exemptions which the
7 individual can lawfully claim under the Internal
8 Revenue Code [~~7~~add];
- 9 (2) Add an additional exemption for the taxpayer or the
10 taxpayer's spouse who is sixty-five years of age or
11 older within the taxable year [~~7~~];
- 12 (3) Add an exemption for individuals described in
13 paragraph (2) whose federal adjusted gross income is
14 less than:
 - 15 (A) \$24,000 for a taxpayer filing a single return or
16 a married person filing separately;
 - 17 (B) \$36,000 for a taxpayer filing as a head of
18 household; and
 - 19 (C) \$48,000 for a taxpayer filing a joint return or
20 as a surviving spouse;



1 (4) Add an exemption for individuals described in
2 paragraph (2) whose federal and state adjusted gross
3 income is less than:

4 (A) \$30,000 for a taxpayer filing a single return or
5 a married person filing separately;

6 (B) \$45,000 for a taxpayer filing as a head of
7 household; and

8 (C) \$60,000 for a taxpayer filing a joint return or
9 as a surviving spouse; and

10 (5) [~~multiply~~] Multiply that number by [~~\$1,144,~~] \$2,144,
11 for taxable years beginning after December 31, 1984.

12 A nonresident shall prorate the personal exemptions on account
13 of income from sources outside the State as provided in section
14 235-5. In the case of an individual with respect to whom an
15 exemption under this section is allowable to another taxpayer
16 for a taxable year beginning in the calendar year in which the
17 individual's taxable year begins, the personal exemption amount
18 applicable to such individual under this subsection for such
19 individual's taxable year shall be zero."

20 SECTION 4. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



H.B. NO. 1091

1 SECTION 5. This Act, upon its approval, shall apply to
 2 taxable years beginning after December 31, 2015; provided that
 3 the amendments made to section 235-54(a), Hawaii Revised
 4 Statutes, by section 3 of this Act shall not be repealed when
 5 that section is reenacted on June 30, 2015, pursuant to section
 6 3 of Act 14, Special Session Laws of Hawaii 2009.

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H.B. NO. 1091

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H.B. NO. 1091

Report Title:

Income Tax; Standard Deduction; Personal Exemption

Description:

Increases the standard deduction and allowable personal exemption amounts. Increases the number of exemptions that may be claimed by taxpayers who are 65 years of age or older and meet certain income requirements.

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