
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 finds that action must
5 be taken to further facilitate the State's economic recovery.

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

8 (1) Increasing the standard deduction and allowable
9 personal exemption amounts; and

10 (2) Increasing the number of exemptions that may be
11 claimed by taxpayers who are sixty-five years of age
12 or older and meet certain income requirements.

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

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



- 1 (1) Section 63(c)(1)(B) (relating to the additional
2 standard deduction), 63(c)(1)(C) (relating to the real
3 property tax deduction), 63(c)(1)(D) (relating to the
4 disaster loss deduction), 63(c)(1)(E) (relating to the
5 motor vehicle sales tax deduction), 63(c)(4) (relating
6 to inflation adjustments), 63(c)(7) (defining the real
7 property tax deduction), 63(c)(8) (defining the
8 disaster loss deduction), 63(c)(9) (defining the motor
9 vehicle sales tax deduction), and 63(f) (relating to
10 additional amounts for the aged or blind) of the
11 Internal Revenue Code shall not be operative for
12 purposes of this chapter;
- 13 (2) Section 63(c)(2) (relating to the basic standard
14 deduction) of the Internal Revenue Code shall be
15 operative, except that the standard deduction amounts
16 provided therein shall instead mean:
- 17 (A) [~~\$4,400~~] \$5,200 in the case of:
- 18 (i) A joint return as provided by section 235-
19 93; or
- 20 (ii) A surviving spouse (as defined in section
21 2(a) of the Internal Revenue Code);



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

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

18 "(a) In computing the taxable income of any individual,
19 there shall be deducted, in lieu of the personal exemptions
20 allowed by the Internal Revenue Code of 1986, as amended, and



1 except as provided in subsection (c), personal exemptions
2 computed as follows:

3 (1) Ascertain the number of exemptions which the
4 individual can lawfully claim under the Internal
5 Revenue Code[~~7~~—add];

6 (2) Add an additional exemption for the taxpayer or the
7 taxpayer's spouse who is sixty-five years of age or
8 older within the taxable year[~~7~~];

9 (3) Add an exemption for individuals described in
10 paragraph (2) whose federal adjusted gross income is
11 less than:

12 (A) \$24,000 for a taxpayer filing a single return or
13 a married person filing separately;

14 (B) \$36,000 for a taxpayer filing as a head of
15 household; and

16 (C) \$48,000 for a taxpayer filing a joint return or
17 as a surviving spouse;

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



- 1 (A) \$30,000 for a taxpayer filing a single return or
- 2 a married person filing separately;
- 3 (B) \$45,000 for a taxpayer filing as a head of
- 4 household; and
- 5 (C) \$60,000 for a taxpayer filing a joint return or
- 6 as a surviving spouse; and
- 7 (5) [multiply] Multiply that number by [~~\$1,144,~~ \$2,144,
- 8 for taxable years beginning after December 31, 1984.

9 A nonresident shall prorate the personal exemptions on account
 10 of income from sources outside the State as provided in section
 11 235-5. In the case of an individual with respect to whom an
 12 exemption under this section is allowable to another taxpayer
 13 for a taxable year beginning in the calendar year in which the
 14 individual's taxable year begins, the personal exemption amount
 15 applicable to such individual under this subsection for such
 16 individual's taxable year shall be zero."

17 SECTION 4. Statutory material to be repealed is bracketed
 18 and stricken. New statutory material is underscored.

19 SECTION 5. This Act shall take effect on July 1, 2030, and
 20 shall apply to taxable years beginning after December 31, 2015;
 21 provided that the amendments made to section 235-54(a), Hawaii

1 Revised Statutes, by section 3 of this Act shall not be repealed
2 when that section is reenacted on June 30, 2015, pursuant to
3 section 3 of Act 14, Special Session Laws of Hawaii 2009.



Report Title:

Income Tax; Standard Deduction; Personal Exemption

Description:

Increases the standard deduction and allowable personal exemption amounts for all filing statuses. Increases the number of exemptions that may be claimed by taxpayers who are 65 years of age or older and meet certain income requirements. (HB1091 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

