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To: The Honorable Jill N. Tokuda, Chair  
and Members of the Senate Committee on Ways and Means

Date: Friday, February 06, 2015  
Time: 9:00 A.M.  
Place: Conference Room 211, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: S.B. 901, Relating to Income Taxation

The Department of Taxation (Department) appreciates the intent of S.B. 901 and provides the following comments for your consideration.

S.B. 901 increases the standard deduction for unmarried individuals who are neither a surviving spouse nor a head of household and for married individuals filing separately.

The Department notes that the bill makes no change to the standard deduction for married individuals filing jointly. Therefore, this bill would allow a married couple filing separately a total standard deduction of \$6,000, but would only allow a married couple filing jointly a total standard deduction of \$4,400. The Department recommends adjusting the amount for married persons filing a joint return to match the \$6,000 that would be available to two married persons filing individual returns.

The estimated annual revenue loss of is \$6 million per year, beginning in FY 2017.

Thank you for the opportunity to provide comments.

# TAXBILLSERVICE

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SUBJECT: INCOME, Increase standard deduction

BILL NUMBER: SB 901

INTRODUCED BY: Chun Oakland

BRIEF SUMMARY: Amends HRS section 235-2.4 to increase the standard deduction from \$2,200 to \$3,000 for: (1) single individuals not a surviving spouse or head of household; and (2) married individuals filing a separate return.

EFFECTIVE DATE: Tax years beginning after December 31, 2015.

STAFF COMMENTS: It appears that this measure increases the personal exemption for taxpayers filing a single return or married taxpayers who file a separate return. It is questionable why the other filing categories are not increased.

While it appears that this measure proposes tax relief to a select group of taxpayers, consideration should be given to adjusting the income tax rates so that all taxpayers will benefit equitably.

Digested 2/4/15