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## A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. 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, subject to the following:

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



- 1           (2) Section 63(c)(2) (relating to the basic standard  
2           deduction) of the Internal Revenue Code shall be  
3           operative, except that the standard deduction amounts  
4           provided therein shall instead mean:
- 5           (A) [~~\$4,400~~] \$6,000 in the case of:
- 6                   (i) A joint return as provided by section  
7                               235-93; or
- 8                   (ii) A surviving spouse (as defined in section  
9                               2(a) of the Internal Revenue Code);
- 10           (B) [~~\$3,212~~] \$4,500 in the case of a head of  
11           household (as defined in section 2(b) of the  
12           Internal Revenue Code);
- 13           (C) [~~\$2,200~~] \$3,000 in the case of an individual who  
14           is not married and who is not a surviving spouse  
15           or head of household; or
- 16           (D) [~~\$2,200~~] \$3,000 in the case of a married  
17           individual filing a separate return;
- 18           (3) Section 63(c)(5) (limiting the basic standard  
19           deduction in the case of certain dependents) of the  
20           Internal Revenue Code shall be operative, except that



1           the limitation shall be the greater of \$500 or the  
2           individual's earned income; and  
3           (4) The standard deduction amount for nonresidents shall  
4           be calculated pursuant to section 235-5~~(7)~~;  
5           provided that on July 1, 2024, and every two years thereafter,  
6           the department shall increase the deduction amounts set forth in  
7           this subsection, to be effective the following January 1, by the  
8           same total percentage change over the most recent two year  
9           period in the Consumer Price Index for All Urban Consumers for  
10           Honolulu published by the Bureau of Labor Statistics of the  
11           federal Department of Labor; provided further that if the  
12           adjustment based on the Consumer Price Index for All Urban  
13           Consumers for Honolulu would result in lower deduction amounts,  
14           the department shall not decrease the deduction amounts, and the  
15           adjusted deduction amounts shall remain at the most recently  
16           established deduction amounts."

17           SECTION 2. Statutory material to be repealed is bracketed  
18           and stricken. New statutory material is underscored.

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1 SECTION 3. This Act, upon its approval, shall apply to  
2 taxable years beginning after December 31, 2022.

3

INTRODUCED BY:

Brid Koguchi  
JAN 24 2023



# H.B. NO. 1127

**Report Title:**

Taxation; Standard Deduction Amounts; Inflationary Adjustments;  
Department of Taxation

**Description:**

Increases the standard deduction amounts for taxpayers for taxable years beginning after December 31, 2022. Requires biannual increases to the standard deduction amounts to match any increase in the Consumer Price Index for All Urban Consumers for Honolulu over the most recent two year period.

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