

ACT 97

S.B. NO. 570

A Bill for an Act Relating to Taxation.

Be It Enacted by the Legislature of the State of Hawaii:

PART I

SECTION 1. The purpose of this Act is to address taxation. More specifically, this Act:

- (1) Makes the deduction for state taxes paid, inoperative for:
 - (A) An individual filer with a federal adjusted gross income of \$100,000 or more;
 - (B) A joint or surviving spouse filer with a federal adjusted gross income of \$200,000 or more; and
 - (C) A head of household with a federal adjusted gross income of \$150,000 or more;
- (2) Limits the amount of itemized deductions that may be claimed by the same taxpayers; and
- (3) Delays the standard deduction and personal exemption increases approved under Act 60, Session Laws of Hawaii, 2009, and makes the increases permanent.

PART II

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

“(h) Section 164 (with respect to taxes) of the Internal Revenue Code shall be operative for the purposes of this chapter, except that [sections]:

- (1) Sections 164(a)(6) and 164(b)(6) shall not be operative for the purposes of this chapter[-]; and
- (2) The deductions under sections 164(a)(3) and 164(b)(5) shall not be operative for corporate taxpayers and shall be operative only for the following individual taxpayers:
 - (A) A taxpayer filing a single return or a married person filing separately with a federal adjusted gross income of less than \$100,000;
 - (B) A taxpayer filing as a head of household with a federal adjusted gross income of less than \$150,000; and
 - (C) A taxpayer filing a joint return or as a surviving spouse with a federal adjusted gross income of less than \$200,000.”

PART III

SECTION 3. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“**§235- Itemized deductions; limitations.** Notwithstanding any other law to the contrary, itemized tax deductions claimed pursuant to this chapter shall not exceed the lesser of:

- (1) The limitation on itemized deductions under section 68 of the Internal Revenue Code; or
- (2) Any of the following that may be applicable:
 - (A) \$25,000 for a taxpayer filing a single return or a married person filing separately with a federal adjusted gross income of \$100,000 or more;
 - (B) \$37,500 for a taxpayer filing as a head of household with a federal adjusted gross income of \$150,000 or more; and
 - (C) \$50,000 for a taxpayer filing a joint return or as a surviving spouse with a federal adjusted gross income of \$200,000 or more.”

PART IV

SECTION 4. Act 60, Session Laws of Hawaii 2009, is amended by amending section 6 to read as follows:

“SECTION 6. This Act shall take effect upon approval[;]; provided that:

- (1) Section 2 shall apply to taxable years beginning after December 31, 2008;
- (2) Sections 1 and 3 shall apply to taxable years beginning after December 31, ~~[2010;]~~ 2012; and
- (3) On December 31, 2015, ~~[this Act]~~ section 2 shall be repealed and ~~[sections 235-2.4(a);]~~ section 235-51(a), (b), and (c), ~~[and 235-54(a);]~~ Hawaii Revised Statutes, shall be reenacted in the form in which ~~[they]~~ it read on the day before the effective date of this Act.”

PART V

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.¹

SECTION 6. This Act shall take effect on July 1, 2011, and shall apply to taxable years beginning after December 31, 2010; provided that:

- (1) Section 235-, Hawaii Revised Statutes, in section 3 of this Act shall be repealed on January 1, 2016, and shall apply to taxable years beginning after December 31, 2010, but not to taxable years beginning after December 31, 2015; and
- (2) Part IV shall take effect retroactively to December 30, 2010.

(Approved June 9, 2011.)

Note

1. Edited pursuant to HRS §23G-16.5.