
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding two new sections to be appropriately
3 designated and to read as follows:

4 "§235-A Medical expense and premiums deductions. (a)

5 In addition to the exclusions in section 235-7, there shall
6 be excluded from gross income, adjusted gross income, and
7 taxable income:

8 (1) an amount equal to the cost of medical expenses that
9 have not been paid for or covered by their medical
10 insurance; or

11 (2) in the event that the taxpayer does not have medical
12 insurance and they elect to purchase medical
13 insurance, an amount equal to the cost of the
14 insurance premium.

15 (b) This deduction is available to taxpayers whose gross
16 income does not exceed \$29,000.



1 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235-B Medical expense and premium deductions for
5 businesses. (a) In addition to the exclusions in section
6 235-7, there shall be excluded from gross income, adjusted gross
7 income, and taxable income an amount equal to the amount of the
8 cost of medical insurance premiums paid by the taxpayer. This
9 deduction shall be available for taxpayers:

- 10 (1) Who are subject to taxation under chapter 237 of the
11 Hawaii Revised Statutes;
12 (2) Whose gross income, as defined under section 237-3, is
13 less than \$50,000 in the taxable year the deduction
14 under this section is claimed;
15 (3) Whose gross income, as defined under section 237-3, is
16 derived by the holding of an ownership interest in,
17 including, but not limited to, corporations,
18 partnerships, limited liability companies, or limited
19 liability partnerships; and
20 (4) Where the number of individuals who hold ownership
21 interests does not exceed two.

22 SECTION 3. New statutory material is underscored.



1 SECTION 4. The Act shall take effect upon its approval and
2 shall apply to taxable years beginning after December 31, 2007.
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INTRODUCED BY:

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JAN 23 2007



Report Title:

Medical tax deductions.

Description:

Allows residents meeting certain income requirements to deduct medical expenses or insurance premiums. Also allows sole proprietors with net profits below certain amounts to deduct medical insurance premiums.

