
A BILL FOR AN ACT

RELATING TO AN INCREASE IN THE STANDARD DEDUCTION.

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 "**§235-2.4 Operation of certain Internal Revenue Code**
4 **provisions; sections 63 to 530.** (a) Section 63 (with respect
5 to taxable income defined) of the Internal Revenue Code shall be
6 operative for the purposes of this chapter, except that the
7 standard deduction amount in section 63(c) of the Internal
8 Revenue Code shall instead mean:

9 (1) For tax years before January 1, 2007:

10 [~~(1)~~] (A) \$4,000 in the case of:

11 [~~(A)~~] (i) A joint return as provided by section 235-93; or

12 [~~(B)~~] (ii) A surviving spouse (as defined in section
13 2(a) of the Internal Revenue Code);

14 [~~(2)~~] (B) \$2,920 in the case of a head of household (as
15 defined in section 2(b) of the Internal Revenue Code);

16 [~~(3)~~] (C) \$2,000 in the case of an individual who is not
17 married and who is not a surviving spouse or head of
18 household; or



1 ~~(4)~~ (D) \$2,000 in the case of a married individual filing
2 a separate return.

3 (2) For taxable years beginning after December 31, 2006:

4 (A) \$7,500 in the case of:

5 (i) A joint return as provided by section 235-
6 93; or

7 (ii) A surviving spouse (as defined in section
8 2(a) of the Internal Revenue Code);

9 (B) \$5,477 in the case of a head of household (as
10 defined in section 2(b) of the Internal Revenue
11 Code);

12 (C) \$3,750 in the case of an individual who is not
13 married and who is not a surviving spouse or head
14 of household; or

15 (D) \$3,750 in the case of a married individual filing
16 a separate return.

17 Section 63(c)(4) shall not be operative in this State.

18 Section 63(c)(5) shall be operative, except that the limitation
19 on basic standard deduction in the case of certain dependents
20 shall be the greater of \$500 or such individual's earned income.

21 Section 63(f) shall not be operative in this State.



1 The standard deduction amount for nonresidents shall be
2 calculated pursuant to section 235-5."

3 SECTION 2. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act shall take effect upon its approval
6 and shall apply to taxable years beginning after December 31,
7 2006.

8
9 INTRODUCED BY:

JAN 19 2007



Report Title:

Taxation

Description:

Increases the standard deduction to seventy-five per cent of the 2005 federal level.

