
A BILL FOR AN ACT

RELATING TO TAX EXEMPTIONS.

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

SECTION 1. Section 235-54, Hawaii Revised Statutes, is amended to read as follows:

"§235-54 Exemptions. (a) In computing the taxable income of any individual, there shall be deducted, in lieu of the personal exemptions allowed by the Internal Revenue Code[7] of 1986, as amended, and except as provided in subsection (c), personal exemptions computed as follows: Ascertain the number of exemptions which the individual can lawfully claim under the Internal Revenue Code, add an additional exemption for the taxpayer or the taxpayer's spouse who is sixty-five years of age or older within the taxable year, and multiply that number by \$1,040, for taxable years beginning after December 31, 1984. A nonresident shall prorate the personal exemptions on account of income from sources outside the [State] state as provided in section 235-5. In the case of an individual with respect to whom an exemption under this section is allowable to another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, the personal



1 exemption amount applicable to such individual under this
2 subsection for such individual's taxable year shall be zero.

3 (b) In computing the taxable income of an estate or trust
4 there shall be allowed, in lieu of the deductions allowed under
5 subsection (a), the following:

6 (1) An estate shall be allowed a deduction of \$400.

7 (2) A trust which, under its governing instrument, is
8 required to distribute all of its income currently
9 shall be allowed a deduction of \$200.

10 (3) All other trusts shall be allowed a deduction of \$80.

11 (c) The phaseout under Section 151(d)(3) of the Internal
12 Revenue Code of 1986, as amended, shall apply to this section;
13 provided that the threshold income amounts under Section
14 151(d)(3)(C) of the Internal Revenue Code of 1986, as amended,
15 shall be reduced by twenty-five per cent for the purposes of
16 this subsection; provided further that the threshold income
17 amounts under Section 151(d)(3)(C) of the Internal Revenue Code
18 of 1986, as amended, used to determine the twenty-five per cent
19 reduction under this subsection shall be maintained at the
20 amounts in place on July 1, 2008.

21 [~~e~~] (d) A blind person, a deaf person, and any person
22 totally disabled, in lieu of the personal exemptions allowed by



1 the Internal Revenue Code, shall be allowed, and there shall be
2 deducted in computing the taxable income of a blind person, a
3 deaf person, or a totally disabled person, instead of the
4 exemptions provided by subsection (a), the amount of \$7,000."

5 SECTION 2. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 3. This Act shall take effect upon its approval,
8 and shall apply to taxable years beginning after December 31,
9 2008; provided that this Act shall be repealed on June 30, 2015,
10 and section 235-54, Hawaii Revised Statutes, shall be reenacted
11 in the form in which it read on the day before the effective
12 date of this Act.



H.B. NO. 1544
H.D. 1
S.D. 1
C.D. 1

Report Title:

Taxation; Exemptions; Phaseout

Description:

Conforms state tax exemptions to federal phaseout provisions under section 151(d)(3) of the IRC. Ties threshold to amounts in place in 2008. (HB1544 CD1)

