

MAR 03 2016

SENATE RESOLUTION

REQUESTING THE TAX REVIEW COMMISSION TO STUDY CONFORMITY OF
STATE INCOME TAX LAW WITH THE INTERNAL REVENUE CODE AS IT
RELATES TO THE STANDARD DEDUCTION AND PERSONAL EXEMPTION.

1 WHEREAS, it is anticipated that a Tax Review Commission
2 will be appointed in 2016; and
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4 WHEREAS, Article VII, section 3, of the Hawaii State
5 Constitution, requires the Tax Review Commission to, among other
6 things, evaluate the State's tax structure and recommend tax
7 policy; and
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9 WHEREAS, proposed changes to the standard deduction and
10 personal exemption are tax policy issues that are submitted for
11 consideration by the Legislature at each regular session; and
12

13 WHEREAS, under chapter 235, Hawaii Revised Statutes, the
14 standard deduction is statutorily set at the following specific
15 amounts:
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17 (1) \$4,400 for joint filers or a surviving spouse;
18

19 (2) \$3,212 for a head of household; and
20

21 (3) \$2,200 for single filers or married individuals who
22 file separate returns; and
23

24 WHEREAS, under chapter 235, Hawaii Revised Statutes, the
25 personal exemption is statutorily set at \$1,144, with additional
26 exemptions available for taxpayers and their spouses who are
27 over sixty-five years of age; and
28

29 WHEREAS, the amounts of the standard deduction and personal
30 exemption set forth in the Internal Revenue Code are higher than
31 the amounts set forth in chapter 235, Hawaii Revised Statutes;
32 and
33



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1 WHEREAS, chapter 235, Hawaii Revised Statutes, does not
2 provide for the automatic adjustment of the standard deduction
3 and personal exemption for inflation; and
4

5 WHEREAS, in contrast, under the Internal Revenue Code, the
6 standard deduction, personal exemption, and income tax brackets
7 are indexed for inflation; and
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9 WHEREAS, the issue of whether the standard deduction and
10 personal exemption should be increased or conformed to the
11 Internal Revenue Code has various ramifications that require an
12 independent and objective evaluation by experts; and
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14 WHEREAS, consequently, an evaluation of the standard
15 deduction and personal exemption by the Tax Review Commission is
16 both appropriate and necessary; now, therefore,
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18 BE IT RESOLVED by the Senate of the Twenty-eighth
19 Legislature of the State of Hawaii, Regular Session of 2016,
20 that the Tax Review Commission is requested to evaluate whether
21 the standard deduction and personal exemption under chapter 235,
22 Hawaii Revised Statutes, should be increased or conformed with
23 the Internal Revenue Code; and
24

25 BE IT FURTHER RESOLVED that, as part of the evaluation, the
26 Tax Review Commission is requested to:
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28 (1) Consider whether the standard deduction and personal
29 exemption should be indexed to inflation, as currently
30 provided under the Internal Revenue Code; and
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32 (2) Include estimates of the revenue impacts of its
33 recommendations, as well the revenue impacts of any
34 alternatives considered; and
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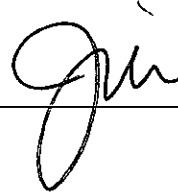
36 BE IT FURTHER RESOLVED that the Tax Review Commission is
37 requested to include the findings and recommendations of the
38 evaluation in its final report to the Governor and Legislature;
39 and
40



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1 BE IT FURTHER RESOLVED that certified copies of this
2 Resolution be transmitted to the Governor, Director of Taxation,
3 and the Chairperson of the Tax Review Commission.
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6

OFFERED BY: _____

A handwritten signature in cursive script, appearing to be 'Jim', is written over a horizontal line.