HOUSE OF REPRESENTATIVES
TWENTY-FIFTH LEGISLATURE, 2009
STATE OF HAWAII

VETO

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

A BILL FOR AN ACT

VETO OVERRIDE

Act No. 14
Approved: [signature]
Dated: July 15, 2009

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[~~,~~] 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

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

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

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

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

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

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

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

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

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 Statutory material to be repealed is bracketed and stricken.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

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upon its approval, and shall apply to taxable years beginning after December 31, 2008; provided that this Act shall be repealed on June 30, 2015, and section 235-54, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day before the effective date of this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