
A BILL FOR AN ACT

RELATING TO TAXATION.

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

PART I

SECTION 1. The purpose of this Act is to address
taxation. More specifically, this Act:

(1) Makes the deduction for state taxes paid, inoperative
for:

(A) An individual filer with a federal adjusted gross
income of \$100,000 or more;

(B) A joint or surviving spouse filer with a federal
adjusted gross income of \$200,000 or more; and

(C) A head of household with a federal adjusted gross
income of \$150,000 or more;

(2) Limits the amount of itemized deductions that may be
claimed by the same taxpayers; and

(3) Delays the standard deduction and personal exemption
increases approved under Act 60, Session Laws of
Hawaii, 2009, and makes the increases permanent.



PART II

SECTION 2. Section 235-2.4, Hawaii Revised Statutes, is amended by amending subsection (h) to read as follows:

"(h) Section 164 (with respect to taxes) of the Internal Revenue Code shall be operative for the purposes of this chapter, except that [sections]:

(1) Sections 164(a)(6) and 164(b)(6) shall not be operative for the purposes of this chapter[-]; and

(2) The deductions under sections 164(a)(3) and 164(b)(5) shall not be operative for corporate taxpayers and shall be operative only for the following individual taxpayers:

(A) A taxpayer filing a single return or a married person filing separately with a federal adjusted gross income of less than \$100,000;

(B) A taxpayer filing as a head of household with a federal adjusted gross income of less than \$150,000; and

(C) A taxpayer filing a joint return or as a surviving spouse with a federal adjusted gross income of less than \$200,000."



PART III

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

"§235- Itemized deductions; limitations.

Notwithstanding any other law to the contrary, itemized tax deductions claimed pursuant to this chapter shall not exceed the lesser of:

(1) The limitation on itemized deductions under section 68 of the Internal Revenue Code; or

(2) Any of the following that may be applicable:

(A) \$25,000 for a taxpayer filing a single return or a married person filing separately with a federal adjusted gross income of \$100,000 or more;

(B) \$37,500 for a taxpayer filing as a head of household with a federal adjusted gross income of \$150,000 or more; and

(C) \$50,000 for a taxpayer filing a joint return or as a surviving spouse with a federal adjusted gross income of \$200,000 or more."



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PART IV

SECTION 4. Act 60, Session Laws of Hawaii 2009, is amended by amending section 6 to read as follows:

"SECTION 6. This Act shall take effect upon approval~~[7]~~; provided that:

- (1) Section 2 shall apply to taxable years beginning after December 31, 2008;
- (2) Sections 1 and 3 shall apply to taxable years beginning after December 31, ~~[2010]~~ 2012; and
- (3) On December 31, 2015, ~~[this Act]~~ section 2 shall be repealed and ~~[sections 235-2.4(a)]~~ section 235-51(a), (b), and (c), ~~[and 235-54(a)]~~ Hawaii Revised Statutes, shall be reenacted in the form in which ~~[they]~~ it read on the day before the effective date of this Act."

PART V

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

SECTION 6. This Act shall take effect on July 1, 2011, and shall apply to taxable years beginning after December 31, 2010; provided that:

- 1 (1) Section 235- , Hawaii Revised Statutes, in section 3
2 of this Act shall be repealed on January 1, 2016, and
3 shall apply to taxable years beginning after December
4 31, 2010, but not to taxable years beginning after
5 December 31, 2015; and
6 (2) Part IV shall take effect retroactively to December
7 30, 2010.



Report Title:

Taxation; Deductions; Personal Exemption

Description:

Eliminates the deduction for state taxes paid for taxpayers with income above specified thresholds. Places temporary limitations on claims for itemized tax deductions. Delays the standard deduction and personal exemption increases approved under Act 60, SLH 2009, while also making those increases permanent. Effective 7/1/11. (CD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

