
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Annual adjustments for inflation. (a) The
5 following dollar amounts in this chapter shall be multiplied by
6 the cost-of-living adjustment for the calendar year:

7 (1) The standard deduction amounts provided in section
8 235-2.4(a);

9 (2) The minimum and maximum taxable income rate bracket
10 dollar amounts provided in sections 235-51(a), (b),
11 and (c); provided that the tax rate applicable to each
12 income bracket may not be changed; and

13 (3) Every personal exemption multiplier amount provided in
14 section 235-54, except for the multiplier amount in
15 subsection (b).

16 If any of the dollar amounts, as adjusted, are not multiples of
17 \$50, any increase shall be rounded to the nearest \$50. If the



1 cost-of-living adjustment for any taxable year is 1.000 or less,
2 no adjustment shall be made for that taxable year.

3 (b) As used in this section:

4 "Consumer price index" means the average over a twelve-
5 month period of the National Consumer Price Index, not
6 seasonably adjusted, published monthly by the Bureau of Labor
7 Statistics, United States Department of Labor, designated as the
8 "National Consumer Price Index for All Urban Consumers-United
9 States City Average."

10 "Cost-of-living adjustment" means the consumer price index
11 for the twelve-month period ending June 30 of the preceding
12 calendar year divided by the consumer price index for the
13 twelve-month period ending June 30, 2009."

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

16 "(h) Section 164 (with respect to taxes) of the Internal
17 Revenue Code shall be operative for the purposes of this
18 chapter, except that sections 164(a)(6) and 164(b)(6) shall not
19 be operative for the purposes of this [~~chapter.~~] chapter;
20 provided that amounts allowed as a deduction under section
21 164(a)(3) and 164(b)(5) shall be reduced as follows:



1 (1) For a taxpayer filing a single return or a married
2 person filing separately, the deduction shall be
3 reduced in accordance with the following table:

<u>If federal adjusted</u>	<u>The reduction shall be:</u>
<u>gross income is:</u>	
<u>Less than \$75,000</u>	<u>50% for taxable years</u> <u>beginning after December 31, 2010</u>
	<u>75% for taxable years</u> <u>beginning after December 31, 2011</u>
	<u>100% for taxable years</u> <u>beginning after December 31, 2012</u>
<u>\$75,000 and over</u>	<u>100% for taxable years</u> <u>beginning after December 31, 2010.</u>

14 (2) For a taxpayer filing as a head of household, the
15 deduction shall be reduced in accordance with the
16 following table:

<u>If federal adjusted</u>	<u>The reduction shall be:</u>
<u>gross income is:</u>	
<u>Less than \$112,500</u>	<u>50% for taxable years</u> <u>beginning after December 31, 2010</u>
	<u>75% for taxable years</u> <u>beginning after December 31, 2011</u>



1		<u>100% for taxable years</u>
2		<u>beginning after December 31, 2012</u>
3	<u>\$112,500 and over</u>	<u>100% for taxable years</u>
4		<u>beginning after December 31, 2010.</u>
5	<u>(3) For a taxpayer filing a joint return or as a surviving</u>	
6	<u>spouse, the deduction shall be reduced in accordance</u>	
7	<u>with the following table:</u>	
8	<u>If federal adjusted</u>	<u>The reduction shall be:</u>
9	<u>gross income is:</u>	
10	<u>Less than \$150,000</u>	<u>50% for taxable years</u>
11		<u>beginning after December 31, 2010</u>
12		<u>75% for taxable years</u>
13		<u>beginning after December 31, 2011</u>
14		<u>100% for taxable years</u>
15		<u>beginning after December 31, 2012</u>
16	<u>\$150,000 and over</u>	<u>100% for taxable years</u>
17		<u>beginning after December 31, 2010."</u>

18 SECTION 3. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on July 1, 2050;
21 provided that this Act shall apply to taxable years beginning
22 after December 31, 2010.



Report Title:

Taxation; Indexing for Inflation; General Excise Tax Deduction

Description:

Indexes income tax amounts for inflation. Eliminates, immediately or in phases, the state income tax deduction for general excise taxes paid by a taxpayer in taxable years beginning after 12/31/10, depending upon the taxpayer's federal adjusted gross income and filing status. Effective 07/01/2050. (SD2)

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