

MAR 03 2016

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



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1
2 WHEREAS, chapter 235, Hawaii Revised Statutes, does not
3 provide for the automatic adjustment of the standard deduction
4 and personal exemption for inflation; and
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6 WHEREAS, in contrast, under the Internal Revenue Code, the
7 standard deduction, personal exemption, and income tax brackets
8 are indexed for inflation; and
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10 WHEREAS, the issue of whether the standard deduction and
11 personal exemption should be increased or conformed to the
12 Internal Revenue Code has various ramifications that require an
13 independent and objective evaluation by experts; and
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15 WHEREAS, consequently, an evaluation of the standard
16 deduction and personal exemption by the Tax Review Commission is
17 both appropriate and necessary; now, therefore,
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19 BE IT RESOLVED by the Senate of the Twenty-eighth
20 Legislature of the State of Hawaii, Regular Session of 2016, the
21 House of Representatives concurring, that the Tax Review
22 Commission is requested to evaluate whether the standard
23 deduction and personal exemption under chapter 235, Hawaii
24 Revised Statutes, should be increased or conformed with the
25 Internal Revenue Code; and
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27 BE IT FURTHER RESOLVED that, as part of the evaluation, the
28 Tax Review Commission is requested to:
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30 (1) Consider whether the standard deduction and personal
31 exemption should be indexed to inflation, as currently
32 provided under the Internal Revenue Code; and
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34 (2) Include estimates of the revenue impacts of its
35 recommendations, as well the revenue impacts of any
36 alternatives considered; and
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38 BE IT FURTHER RESOLVED that the Tax Review Commission is
39 requested to include the findings and recommendations of the
40 evaluation in its final report to the Governor and Legislature;
41 and
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1 BE IT FURTHER RESOLVED that certified copies of this
2 Concurrent Resolution be transmitted to the Governor, Director
3 of Taxation, and the Chairperson of the Tax Review Commission.
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OFFERED BY: _____

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