

JAN 19 2007

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# A BILL FOR AN ACT

RELATING TO TAX EXEMPTIONS.

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

1           SECTION 1. Section 235-54, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3           "(a) In computing the taxable income of any individual,  
4 there shall be deducted, in lieu of the personal exemptions  
5 allowed by the Internal Revenue Code, personal exemptions  
6 computed as follows: Ascertain the number of exemptions which  
7 the individual can lawfully claim under the Internal Revenue  
8 Code, add an additional exemption for the taxpayer or the  
9 taxpayer's spouse who is sixty-five years of age or older within  
10 the taxable year, and multiply that number by:

11           (1) \$1,040, for taxable years beginning after December 31,  
12           1984[-], but before January 1, 2007;

13           (2) \$1,400, for the taxable year beginning after December  
14           31, 2006, but before January 1, 2008;

15           (3) \$1,700, for the taxable year beginning after December  
16           31, 2007, but before January 1, 2009; and



1        (4) \$2,000, for taxable years beginning after December 31,  
2                2008.

3 A nonresident shall prorate the personal exemptions on account  
4 of income from sources outside the State as provided in section  
5 235-5. In the case of an individual with respect to whom an  
6 exemption under this section is allowable to another taxpayer  
7 for a taxable year beginning in the calendar year in which the  
8 individual's taxable year begins, the personal exemption amount  
9 applicable to such individual under this subsection for such  
10 individual's taxable year shall be zero."

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 Statutory material to be repealed is bracketed  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

13        SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: Jim



**Report Title:**

Personal Tax Exemption

**Description:**

Increases the personal tax exemption to \$1,400 in 2007, \$1,700 in 2008, and \$2,000 in 2009 and thereafter.

