



# The Impact of the Federal Tax Cut and Jobs Act on Hawaii Households

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## Executive Summary

The Tax Cut and Jobs Act (TCJA) was signed into law December 22, 2017. The TCJA has many provisions which will impact Hawaii individual taxpayers in different ways depending on their filing status, income bracket, home ownership status, and family composition. This report examines the impact of the TCJA on Hawaii individual taxpayers' federal income tax returns using statistics compiled by the IRS for Hawaii taxpayers. While the results vary by income group and filing status, a majority of Hawaii taxpayers will pay less in federal income taxes in years 2018 through 2025, after which most of the provisions expire. The analysis of the TCJA of Hawaii residents' federal individual income tax liability for tax year 2018 shows that:

- On average, the provisions of the TCJA will result in lower tax liabilities for most income groups in Hawaii. The higher income groups will see increases in tax liability.
- The substantial increase in the standard deduction will benefit the lower to mid-range income groups.
- In general, taxpayers filing jointly will benefit more under the TCJA than single filers and head of household filers.
- The standard deduction nearly doubles for all filing status categories under the TCJA. A significant number of filers in the mid-income range will shift their filing behavior from itemized to standard deduction due to the increase in the standard deduction.
- Under the TCJA personal exemptions are eliminated. However, this is usually more than offset by the doubling of the standard deduction as noted above.
- The TCJA doubles the child tax credit from \$1,000 to \$2,000, which will benefit Hawaii households with children. Furthermore, there is an increase in the refundable portion up to \$1,400.
- A majority of the higher income groups will continue to itemize their deductions and, thus, will not benefit from the increase in standard deductions.
- Higher income groups will be impacted by the \$10,000 cap on state and local tax (SALT) deductions, with those in the top two income brackets being hit especially hard.
- While a majority of Hawaii's individual taxpayers will have a reduction in federal income tax liability, the two AGI categories above \$500,000 will experience an increase in their tax liability for the 2018 tax year, mostly due to the SALT cap provision.

It should be noted that this analysis does not include corporations, which will see a substantial decrease in their federal tax liability, as the corporate tax rate of 35 percent (top bracket over \$10 million) is reduced to a flat rate of 21 percent.

In summary, the decrease in the tax liability for the lower to mid-income ranges is primarily due to the reduction in the applicable tax rates, the increase in the standard deduction, and the doubling of the child tax credit. For the top two income categories, a large portion of these benefits are offset by the \$10,000 cap on the SALT deduction. The table below provides an overall estimate by income category based weighted averages for individuals and the total for each respective category. Under the TCJA for tax year 2018, the aggregate federal income tax liability will be an estimated \$710.06 million less than 2017 under the previous law. This does not include corporate income tax.

**Estimated Impact of TCJA by Income Bracket (Tax Year 2018)**

<b>AGI Income Bracket<sup>1</sup></b>	<b>No. of Returns</b>	<b>Change in Tax Liability per Individual Return (Weighted Avg.)<sup>2</sup></b>	<b>Total Reduction in Hawaii Federal Income Tax Liability (\$ million)</b>
\$0 to under \$10,000	92,030	-\$1,182	-\$108.78
\$10,000 to under \$25,000 <sup>3</sup>	130,840	-\$525	-\$68.69
\$25,000 to under \$50,000 <sup>3</sup>	177,520	-\$857	-\$152.13
\$50,000 to under \$75,000 <sup>3</sup>	99,590	-\$1,102	-\$109.75
\$75,000 to under \$100,000	64,480	-\$1,238	-\$79.83
\$100,000 to under \$200,000	89,260	-\$2,220	-\$198.16
\$200,000 to under \$500,000	19,600	-\$1,587	-\$31.11
\$500,000 to under \$1,000,000	2,380	\$2,438	\$5.80
\$1,000,000 and up	960	\$33,941	\$32.58
<b>Total</b>	<b>676,660</b>		<b>\$710.06</b>

Footnotes:

<sup>1</sup> Filings with AGI's below \$0 were not included in this analysis.

<sup>2</sup> The average tax liability impact per income bracket was calculated by weighting impacts by filing status (i.e. 'joint', 'single') and then weighting on the proportion of standard vs itemized filings within the bracket (see 'Methodology' and 'Appendix' for greater detail).

<sup>3</sup> The combination of the doubling of the standard deduction and the loss of personal exemptions will likely result in an increase in the proportion of standard filings in this bracket.

Source: IRS Statistics of Income and DBEDT Calculation

## Introduction

The Tax Cut and Jobs Act (TCJA) was signed into law December 22, 2018. This is the largest tax overhaul since the Tax Reform Act under President Reagan. On the one hand, the TCJA will reduce the tax liability for a majority of Americans. On the other hand, it is projected to increase the combined federal deficit over a ten-year period (2018 to 2027) between \$1.0 trillion (dynamic estimate) and \$1.5 trillion (static estimate) (Joint Committee on Taxation, 2018). The TCJA has many components which will impact Hawaii tax payers in different ways depending on their filing status, income bracket, home ownership status, and family composition.

As shown in the tables below, the center of the TCJA is a revision of the marginal income tax brackets and a reduction in the income tax rates within the brackets. Depending on the marginal tax bracket and filing status, the income tax rate reductions range from 0 to 4 percentage points. With the new provisions, the marginal income tax rate of a single filer for the income portion from 0 to \$9,525 remains unchanged at 10 percent. On the other hand, for the income portion from \$82,500 to \$157,500 the new tax rate is 24 percent, which is 4 percentage points below the closest tax bracket under the previous law. An important caveat to the tax cuts is that they are temporary and will sunset after 2025.

**Table 1. Old and New Marginal Tax Brackets for Single Filers**

Under Previous Law			Tax Cut and Jobs Act		
Over	But not over	Tax Rate (%)	Over	But not over	Tax Rate (%)
\$0	\$9,525	10%	\$0	\$9,525	10%
\$9,525	\$38,700	15%	\$9,525	\$38,700	12%
\$38,700	\$93,700	25%	\$38,700	\$82,500	22%
\$93,700	\$195,450	28%	\$82,500	\$157,500	24%
\$195,450	\$424,950	33%	\$157,500	\$200,000	32%
\$424,950	\$426,700	35%	\$200,000	\$500,000	35%
\$426,700	and up	39.6%	\$500,000	and up	37%

Source: U.S. House of Representatives Analysis of Tax Cuts and Jobs Act

**Table 2. Old and New Marginal Tax Brackets for Married Filing Jointly**

Under Previous Law			Tax Cut and Jobs Act		
Over	But not over	Tax Rate (%)	Over	But not over	Tax Rate (%)
\$0	\$19,050	10%	\$0	\$19,050	10%
\$19,050	\$77,400	15%	\$19,050	\$77,400	12%
\$77,400	\$156,150	25%	\$77,400	\$165,000	22%
\$156,150	\$237,950	28%	\$165,000	\$315,000	24%
\$237,950	\$424,950	33%	\$315,000	\$400,000	32%
\$424,950	\$480,050	35%	\$400,000	\$600,000	35%
\$480,050	and up	39.6%	\$600,000	and up	37%

Source: U.S. House of Representatives Analysis of Tax Cuts and Jobs Act

The table below shows the distributional gains/losses of the TCJA compared with the previous tax law (Joint Committee on Taxation of the U.S., 2017). The income ranges are based on adjusted gross income with certain portions added back in (tax-exempt interest, employer contributions to health plans and life insurance, employer share of FICA tax, and other). The table shows that a majority of the total federal income tax reductions will be realized in the years through 2025. Overall, all income groups will have tax reductions in tax year 2019, with this reversing for the lower income groups in 2023, and then taxes increasing across the board in 2027, after the sunset date.

**Table 3. Federal Income Tax Distributional Effects of the TCJA**

Over	But not over	Tax Year 2019 (thousands)	Tax Year 2023 (thousands)	Tax Year 2027 (thousands)
Less than	\$10,000	-\$127,000	\$156,000	\$475,000
\$10,000	\$19,999	-\$1,206,000	\$2,645,000	\$6,744,000
\$20,000	\$29,999	-\$2,279,000	\$2,169,000	\$9,004,000
\$30,000	\$39,999	-\$4,469,000	-\$438,000	\$5,719,000
\$40,000	\$49,999	-\$5,533,000	-\$2,341,000	\$5,535,000
\$50,000	\$74,999	-\$18,887,000	-\$15,493,000	\$8,112,000
\$75,000	\$99,999	-\$17,279,000	-\$17,140,000	\$3,526,000
\$100,000	\$199,999	-\$51,409,000	-\$51,494,000	\$10,313,000
\$200,000	\$499,999	-\$47,008,000	-\$49,435,000	\$7,649,000
\$500,000	\$999,999	-\$16,031,000	-\$15,840,000	\$1,542,000
\$1,000,000	and over	-\$15,871,000	-\$16,160,000	\$907,000

Source: U.S. Congress Joint Committee on Taxation, Distribution Effects of the Conference Agreement for HR1 The Tax Cuts and Jobs Act

While the Tax Cut and Jobs Act is over 500 pages, the Tax Policy Center provided a summary that is listed in the next table (Tax Policy Center, 2017). In addition to the tax-rate-deductions, the standard deductions are increased, while the personal exemptions are repealed (Table 4).

**Table 4. Comparison of the Tax Cuts and Jobs Act with Previous Tax Law**

Under Previous Law		Tax Cut and Jobs Act
Individual alternative minimum tax (AMT)	AMT exemption equal to \$55,400 (single) \$86,200 (joint); phases out above \$23,100 (single), \$164,100 (joint)	AMT exemption equal to \$70,300 (single), \$109,400 (joint), phases out above \$500,000 (single), \$1,000,000 (joint), individual AMT changes. Sunsets after 2025.
Standard deduction	\$6,350 (single), \$12,700 (joint), \$9,350 (head of household), indexed for inflation	\$12,000 (single), \$24,000 (joint), \$18,000 (head of household), indexed for inflation. Sunsets after 2025
Personal and dependent exemptions	\$4,050	Repealed; sunsets after 2025.
Child tax credit	Credit equal to \$1,000 per qualifying child under 17. Phases out above \$75,000 (single), \$110,000 (joint). Refundable portion equals 15% of earnings in excess of \$3,000	Credit equal to \$2,000 per qualifying child under 17, \$500 for other dependents. Phases out beginning \$400,000 for joint filers. Refundable portion equals 15% of earnings in excess of \$2,500 up to \$1,400 per qualifying child. Maximum refundable portion indexed for inflation; sunsets after 2025
Higher education	American Opportunity Tax Credit; Lifetime Learning Credit, Tuition and Fees Deduction (expires 2016), Student Loan Interest Deduction	Unchanged (expires 2016)
State and local tax itemized deductions	Real estate, personal property, and either income or sales taxes are deductible	Real estate, personal property, and either income or sales taxes up to \$10,000 (single and joint filers) are deductible. Sunsets after 2025.
Mortgage interest deduction	Interest payments on up to \$1.1 million of debt (including \$100,000 of home equity debt)	Interest payments on up to \$750,000 of new acquisition debt are deductible. Applicable to principal and one other residence. Sunsets after 2025.
Medical expense interest itemized deduction	Out-of-pocket medical expenses in excess of 10% of AGI are deductible	Out-of-pocket medical expenses in excess of 7.5% of AGI are deductible in 2017 and 2018. Reverts to previous law in 2019.
Overall limit on itemized deductions	Itemized deduction phase out starting at AGI of \$266,700 (single), \$320,000 (joint), indexed to inflation	Repealed. Sunsets after 2025.
Top capital gains rate	23.8% (20% plus 3.8% Net Investment Income Tax)	Unchanged
Inflation index	Consumer price index (CPI)	Chain-weighted consumer price index (C-CPI)
Income from pass-through businesses	Taxed at ordinary income rates (maximum rate of 39.6%)	Provides 20% deduction (maximum rate of 29.6%). Deduction limited above \$157,500 (single), \$315,000 (joint) for personal service income and based on compensation paid or investment property. Sunsets after 2025.

Source: Tax Policy Center, Analysis of the Tax Cuts and Jobs Act and IRS Form 1040



Another provision that will affect states, especially those with higher state and local taxes, is the \$10,000 cap imposed on state and local tax (SALT) deductions. Tax payers in high tax states such as New York, Connecticut, and California will be hit hard by the SALT deduction cap, and these states are taking steps to mitigate the impact. New York’s governor has stated the state may sue the federal government to fight the SALT deduction caps (Bloomberg, 2018). The State of California is pursuing a different strategy with legislation that will establish a state-run nonprofit to support state services. If it passes, California’s Protect California Taxpayer Bill (SB227) would establish an organization called the California Excellence Fund and taxpayers would receive a dollar-for-dollar state income tax credit for their contribution (California State Senate Press Release, 2018).

For Hawaii, the higher income categories will lose a substantial portion of their SALT deduction, with a lion’s share of the loss impacting the over \$1 million AGI category. The table below estimates the impact of the \$10,000 cap on the SALT deduction for Hawaii’s individual taxpayers. As the table shows, the SALT cap is generally irrelevant for households with less than \$200,000 in income due to SALT deduction being below the \$10,000 threshold. However, once incomes rise above \$200,000 the average SALT deduction cap, generally, increases the tax liability for residents. A potential consequence of this could be for some of Hawaii’s high-income residents to relocate to low SALT states such as Alaska, Nevada, Texas, Wyoming, especially for those in the above \$1 million AGI category.

**Table 5. Estimated Impact of the \$10,000 SALT Deduction Cap on Hawaii Individual Taxpayers**

AGI Income Bracket	Average SALT Deduction	Average Loss of Deduction*
Under \$10,000	\$1,762	N/A
\$10,000 to under \$25,000	\$1,887	N/A
\$25,000 to under \$50,000	\$2,478	N/A
\$50,000 to under \$75,000	\$3,830	N/A
\$75,000 to under \$100,000	\$5,283	N/A
\$100,000 to under \$200,000	\$8,367	N/A
\$200,000 to under \$500,000	\$19,392	\$9,392
\$500,000 to under \$1,000,000	\$58,034	\$48,034
\$1,000,000 and up	\$272,192	\$262,192

Source: IRS Statistics of Income and DBEDT Calculation

\* The income categories below \$200,000 do not exceed the \$10,000 cap and, therefore, these are denoted as “N/A” not applicable

The purpose of this report is to analyze the impact of the TCJA on federal income tax returns filed by Hawaii residents, compared with the previous tax law. Due to varying circumstances of individual filers, the figures in this report should not be considered for specific individual tax returns. Rather, the goal is to provide a reference for general changes under the TCJA regarding direction (positive or negative), general magnitude (estimated amount), and the expected behavior of filers (standard vs. itemized deduction) under the TCJA.

It is important to note that the scope of this paper is to examine the impact of the TCJA at the individual household level, rather than the overall economy. A recent report by UHERO suggests that the tax cuts, while welcome at the household level, “will matter less for Hawaii’s already-hot economy” (UHERO, 2018). At the national level including corporate income, initial research has shown that the TCJA will disproportionately benefit the top 1 percent of income earners in the long-term (Institute on Taxation and Economic Policy, 2017). This is based on the premise that high-income groups are positioned to benefit the most from corporate income through capital gains, dividends, and executive salaries. Another important dimension is the impact on state revenues and this is addressed by the Council on Revenues General Fund Forecast, the latest of which was published in early 2018 (Council on Revenues, 2018).

### *Methodology and Data Sources*

The methodology used to calculate the individual income tax under two scenarios: the previous tax law and the TCJA, and then report the difference for each respective income category. For each respective income group, the analysis also examines standardized versus itemized deduction scenarios.

The primary data source was the Statistics of Income (SOI) division of the Internal Revenue Service (IRS, 2015). At the time of the analysis, the latest detailed state-level data available for income and deductions was for tax year 2015. The SOI data is a stratified sample drawn from the IRS master file of individual income tax returns originating from IRS form 1040 for Hawaii taxpayers. The 2015 IRS data is used to estimate the 2018 tax year liability. However, the estimates in this analysis are not inflation-adjusted and so the actual values would be slightly higher.

For Hawaii, the sample was representative of the 688,570 tax returns filed in the state for 2015. For filing status, 51.4 percent of the returns were single filers, 37.6 percent were joint returns, and 11.0 percent were heads of households. The SOI reports by state mean income, deductions, and credits by filing status and income category.

Another data source used was the U.S. Census Bureau’s American Community Survey, 1-year-estimate (U.S. Census Bureau, 2016). This data was used to estimate the mean number of children for each income category in order to calculate the child tax credit amount.

Further information regarding the methodology is included in the appendix.

## *The Federal Individual Income Tax Impact of TCJA on Hawaii Taxpayers*

This section analyzes the impact on individual income taxpayers of the TCJA by adjusted gross income group. In order to keep the analysis general, covering a broad spectrum of Hawaii taxpayers, this analysis focuses on the following tax revisions included in the TCJA:

- Marginal tax brackets and rates
- Standard deductions
- State and local tax deduction cap of \$10,000
- Repeal of personal and dependent exemptions
- Child tax credit

There are other provisions in the TCJA, but these will impact a smaller share of the individual taxpayer population and, therefore, are not addressed in the analysis. Additionally, the cap on the mortgage interest deduction is not addressed, because this only impacts homes purchased after the enactment of the TCJA. Another caveat is that all dependents are assumed to be children. It is important to note that all estimated figures reported in the tables are calculated from the 2015 IRS SOI data and are in 2015 dollars. Finally, the following analysis only examines the impact of individual income taxpayers as sampled from IRS form 1040 individual income tax returns. Although a large portion of the TCJA tax cuts are for corporations, this analysis does not include the impact of the TCJA on corporate income tax. This is an area for future research.

### *\$0 - Under \$10,000 Income Bracket*

There were 92,030 Hawaii Filers in the \$1 to \$10,000 AGI bracket, accounting for 13.4 percent of total filings for the 2015 tax year. The filings were distributed as follows: 82.2 percent single; 9.1 percent joint; and 7.0 percent head of household. The mean adjusted AGI in this bracket was \$5,180. 95.8 percent of filers in the bracket filed for the standard deduction while 4.2 percent filed for itemized deductions.

**Standard Deduction Scenario:** At this income level, once the standard deduction is applied under the old code, taxable income is reduced to \$0 across all categories. With the increase of the standard deduction under the TCJA, taxable income is still \$0, therefore there is no change in liability for filers with no dependents (as shown in tables 6 and 7 below). Filers with child dependents benefit substantially from the doubling of the Child Tax Credit and the increase of the refundable portion to \$1,400 per child. For filers with one child, the net tax credit will increase by \$1,073 or 328 percent as shown in Tables 5 and 6 below. For filers with 2 children, the net tax credit will increase by \$2,473 or 756 percent.

**Itemized Deduction Scenario:** Like standard filers, once deductions are applied to the itemized scenario, taxable income is reduced to \$0 across all categories under both the old tax code and the TCJA. So, there is no change in tax liability for filers with no dependents. Again, for filers with one child, the net tax credit will increase by \$1,073 or 328 percent as shown in Tables 5 and 6 below. For filers with 2 children, the net tax credit will increase by \$2,473 or 756 percent.

**Summary:** To summarize, at the \$1 to \$10,000 AGI level, the tax liability was generally \$0 under the old tax code, and filers with child dependents were entitled to a tax refund using the Additional Child Tax Credit. Under the TCJA, filers with child dependents can expect an increase in their total net tax credit as the refundable portion of the Child Tax Credit increases to \$1,400. As a result, the weighted average reduction in tax liability for this income bracket is \$1,182. An estimated 96 percent of filers in this AGI bracket filed for the standard deduction in 2015, and this is not expected to change.

**Table 6. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Dollars)**

*(from \$1 to under \$10,000 AGI)*

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	\$0	\$0	\$0	\$0	\$0	\$0
1	-\$1,073	-\$1,073	-\$1,073	-\$1,073	-\$1,073	-\$1,073
2	-\$2,473	-\$2,473	-\$2,473	-\$2,473	-\$2,473	-\$2,473

Source: IRS Statistics of Income and DBEDT Calculation

**Table 7. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Percent)**

*(from \$1 to under \$10,000 AGI)*

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	0%	0%	0%	0%	0%	0%
1	-328.1%	-328.1%	-328.1%	-328.1%	-328.1%	-328.1%
2	-756.3%	-756.3%	-756.3%	-756.3%	-756.3%	-756.3%

Source: IRS Statistics of Income and DBEDT Calculation

### **\$10,000 - Under \$25,000 Income Bracket**

There were 130,840 Hawaii Filers in the \$10,000 to \$25,000 AGI bracket, accounting for 19.0 percent of total filings for the 2015 tax year. The filings were distributed as follows: 66.8 percent single; 15.5 percent joint; and 15.2 percent head of household. The mean adjusted AGI in this bracket was \$17,840. 92.7 percent of filers in the bracket filed for the standard deduction while 7.3 percent filed for itemized deductions.

**Standard Deduction Scenario:** On average, standard filers with no dependents will see their tax liability decline by \$201 or 41 percent under the TCJA (as shown in tables 8 and 9 below). This is due to a combination of the doubling of the standard deduction amount, coupled with the reduction in the applicable tax rate. Filers with child dependents will see increased benefits from the doubling of the child tax credit and the increase in the refundable portion to \$1,400. As a result, the net child tax credit for filers with dependents in this bracket, will increase by an average of \$663 or 52.9 percent across all categories as shown in Tables 7 and 8.

**Itemized Deduction Scenario:** On average, itemized filers with no dependents will see an increase in the tax liability of \$154 as a taxable income increases from \$0 due to the loss of personal exemptions. Itemized filers with child dependents will see their net tax credit increase by a weighted average of \$340 relative to the old code due to the doubling of the child tax credit and the increase in the refundable portion to \$1,400.

**Summary:** The weighted average tax liability reduction for all filers in this AGI bracket is \$525. With the doubling of the standard deduction and the elimination of personal exemptions under the TCJA, filers who filed itemized returns under the old code will be more incentivized to file with the standard deduction. While 92.7 percent of filers in this AGI bracket filed for the standard deduction in 2015 under the old tax code, this percentage is expected to increase even further as more filers shift to benefit from the larger standard deduction.

**Table 8. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Dollars)**  
(from \$10,000 to under \$25,000 AGI)

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	\$154	-\$160	\$154	\$0	\$154	-\$444
1	-\$400	-\$739	-\$400	-\$400	-\$400	-\$439
2	-\$800	-\$800	-\$800	-\$800	-\$800	-\$800

Source: IRS Statistics of Income and DBEDT Calculation

**Table 9. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Percent)**  
(from \$10,000 to under \$25,000 AGI)

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	NA	-22%	NA	0%	NA	-100%
1	-40.0%	-111.8%	-40.0%	-40.0%	-40.0%	-45.7%
2	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%

Source: IRS Statistics of Income and DBEDT Calculation

### \$25,000 - Under \$50,000 Income Bracket

There were 177,520 Hawaii Filers in the \$25,00 to under \$50,000 AGI bracket, accounting for 25.8 percent of total filings for the 2015 tax year. The filings were distributed as follows: 55.2 percent single; 25.3 percent joint; and 16.3 percent head of household. The mean adjusted AGI in this bracket was \$36,410. 79.8 percent of filers in the bracket filed for the standard deduction, while 20.2 percent filed for itemized deductions.

**Standard Deduction Scenario:** The TCJA reduces the tax liability of standard filers in this bracket in all categories and all dependent levels. Standard filers' tax liability will decline by a weighted average of \$1,066 or 236 percent across the 3 categories (Tables 10 and 11). This is due to the overall decrease in tax rates as well as the doubling of the standard deduction. The high percentage change reflects a relatively small tax obligation that turned into a tax credit following the increases in the standard deduction and child tax credit in some categories. The net result is that filers with child dependents in this category will receive a larger tax refund check under the TCJA.

**Itemized Deduction Scenario:** The weighted average reduction in tax liability for itemized filers in this AGI bracket is \$32. Itemized filers with no dependents will see an average increase in tax liability of \$515 or 39 percent as taxable income increases due to the loss of personal exemptions. Itemized filers with child dependents will see their net tax liability decrease by an average of \$264 or 31 percent relative to the old code due to the doubling of the child tax credit and the increase in the refundable portion to \$1,400.

**Summary:** The impacts of the TCJA on filer's tax liability in this AGI bracket is mixed. Some filers will see increases in tax liability while others will see a decrease. The weighted average tax liability reduction for this income bracket is \$857. Again, with the doubling of the standard deduction and the loss of personal exemptions, itemized filers will be more incentivized to file utilizing the increased standard deduction. 79.8 percent of filers in this AGI bracket filed using the standard deduction in 2015 under the old tax code. Therefore, a significant increase in the proportion of standard filers is expected under the TCJA in the \$25,000 to under \$50,000 AGI bracket.

**Table 10. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Dollars)**  
(from \$25,000 to under \$50,000 AGI)

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	\$305	-\$692	\$814	-\$320	\$425	-\$847
1	-\$87	-\$1,085	\$219	-\$915	-\$77	-\$1,239
2	-\$590	-\$1,477	-\$376	-\$1,510	-\$672	-\$1,632

Source: IRS Statistics of Income and DBEDT Calculation

**Table 11. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Percent)**  
(from \$25,000 to under \$50,000 AGI)

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	16.8%	-20.2%	73.0%	-20.5%	26.3%	-30.4%
1	-41.9%	-59.4%	41.2%	-590.3%	-66.3%	-105.4%
2	-45.8%	-675.3%	-22.2%	-120.8%	-52.1%	-377.2%

Source: IRS Statistics of Income and DBEDT Calculation

**\$50,000 - Under \$75,000 Income Bracket**

There were 99,590 Hawaii Filers in the \$50,000 to \$75,000 AGI bracket, accounting for 14.5 percent of total filings for the 2015 tax year. The filings were distributed as follows: 43.0 percent single; 43.9 percent joint; and 10.5 percent head of household. The mean adjusted AGI in this bracket was \$61,390. 64.0 percent of filers in the bracket filed for the standard deduction while 36.0 percent filed for itemized deductions.

**Standard Deduction Scenario:** The TCJA reduces the tax liability of standard filers in this bracket in all categories and all dependent levels. Standard filers’ tax liability will decline by a weighted average of \$1,601, or 28.2 percent across the 3 categories (as shown in tables 12 and 13 below). This is due to a combination of the doubling of the standard deduction amount, coupled with the reduction in the bracketed tax rates. Filers with dependents will see increased benefits from the doubling of the child tax credit.

**Itemized Deduction Scenario:** On average, itemized filers will see a reduction in tax liability of \$215 or 14.6 percent. The reduction in the tax rates provides benefits, as does the doubling of the child tax credit for filers with dependents. However, the elimination of the \$4,050 personal exemption for filers and their dependents limited the benefits of TCJA for itemized filers in this bracket relative to standardized filers. Joint-itemized filers with 0 and 1 dependent will see their tax liability increase relative to the old code as their deductions significantly decrease without the personal exemption.

**Summary:** The weighted average tax liability reduction for this AGI bracket is \$1,102, or 23.3 percent. Joint filers in this AGI bracket will be more incentivized to file with the standard deduction as their itemized deductions may no longer exceed the new standard deduction level. As 64.0 percent of filers in this AGI bracket filed using the standard deduction in 2015 under the old tax code, a significant increase in the proportion of standard filers in this AGI bracket is expected under the TCJA.

**Table 12. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Dollars)**  
(from \$50,000 to under \$75,000 AGI)

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	-\$59	-\$1,681	\$512	-\$1,050	-\$252	-\$1,596
1	-\$451	-\$1,668	\$119	-\$1,443	-\$644	-\$1,989
2	-\$844	-\$1,656	-\$273	-\$1,835	-\$1,037	-\$2,381

Source: IRS Statistics of Income and DBEDT Calculation

**Table 13. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Percent)**  
*(from \$50,000 to under \$75,000 AGI)*

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	-1.1%	-19.8%	12.4%	-20.4%	-5.0%	-24.4%
1	-12.6%	-25.8%	4.7%	40.7%	-58.6%	-40.4%
2	-42.5%	-37.1%	-30.0%	-94.5%	-58.1%	-71.8%

Source: IRS Statistics of Income and DBEDT Calculation

***\$75,000 - Under \$100,000 Income Bracket***

There were 64,480 Hawaii Filers in the \$75,000 to \$100,000 AGI bracket, accounting for 9.36 percent of total filings for the 2015 tax year. The filings were distributed as follows: 27.5 percent single; 63.7 percent joint; and 6.9 percent head of household. The mean adjusted AGI in this bracket was \$86,630. 45.9 percent of filers in the bracket filed for the standard deduction while 54.1 percent filed for itemized deductions.

**Standard Deduction Scenario:** The TCJA reduces the tax liability of standard filers in this bracket in all categories and all dependent levels. Standard filers' tax liability will decline by a weighted average of \$2,506 or 29.3 percent on average across the 3 categories (as shown in Tables 14 and 15 below). This is due to a combination of the doubling of the standard deduction amount, coupled with the reduction in tax rates across brackets. Filers with dependents will see increased benefits from the doubling of the child tax credit.

**Itemized Deduction Scenario:** Itemized filers in this bracket will see a weighted average decline in tax liability of \$162, or 4.5 percent. However itemized filers with no dependents will see an increase in tax liability averaging \$918, or 12.2 percent across all categories. This is due to the elimination of the personal exemption which increases taxable income. Itemized filers with dependents in this bracket will see a reduction in tax liability averaging \$673 or 11.5 percent. This is explained by the fact that the elimination of the personal exemption is offset by the doubling of the child tax credit.

**Summary:** The weighted average tax liability reduction for this AGI bracket is \$1,238, or 15.9 percent. While itemized filers with no dependents in this bracket will see an increase in tax liability because of the elimination of personal exemptions under the TCJA, their overall tax liability will still be lower than standard filers. Therefore, a significant change in the proportion of filers using the itemized deduction in the \$75,000 to under \$100,000 AGI income bracket is not expected.



**Table 14. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Dollars)**  
*(from \$75,000 to under \$100,000 AGI)*

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	\$891	-\$2,438	\$972	-\$1,807	\$891	-\$2,913
1	-\$693	-\$2,976	-\$544	-\$2,200	-\$598	-\$3,451
2	-\$680	-\$3,513	-\$937	-\$2,592	-\$585	-\$3,988

Source: IRS Statistics of Income and DBEDT Calculation

**Table 15. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Percent)**  
*(from \$75,000 to under \$100,000 AGI)*

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	9.8%	-16.5%	15.4%	-20.2%	11.5%	-23.2%
1	-8.0%	-22.3%	-9.3%	-30.0%	-8.3%	-31.1%
2	-10.2%	-29.6%	-22.2%	-45.3%	-11.3%	-41.4%

Source: IRS Statistics of Income and DBEDT Calculation

***\$100,000 - Under \$200,000 Income Bracket***

There were 89,260 Hawaii filers in the \$100,000 to \$200,000 AGI bracket, accounting for 12.7 percent of total filings for the 2015 tax year. The filings were distributed as follows: 14.7 percent single; 80.9 percent joint; and 3.4 percent head of household. The mean adjusted AGI in this bracket was \$134,140. 25.3 percent of filers in the bracket filed for the standard deduction while 74.7 percent filed for itemized deductions. It is important to note that the over \$100,000 AGI is where the impact of the \$10,000 cap on the SALT deduction begins to impact itemized deductions. Generally, below this income level, itemized deductions do not reach the \$10,000 cap.

**Standard Deduction Scenario:** The TCJA reduces the tax liability of standard filers in this bracket in all categories and all dependent levels. Standard filers' tax liability will decline by a weighted average of \$4,718 or 24.0 percent across the 3 categories (Tables 16 and 17). This is due to a combination of the doubling of the standard deduction amount, coupled with the reduction in the income tax rates. Filers with dependents will also benefit from the child tax credit now that the phaseout threshold for the child tax credit has increased from \$75,000 to \$200,000 for single/head of household filers and from \$110,000 to \$400,000 for joint filers.

**Itemized Deduction Scenario:** Itemized filers in this bracket will also see a reduction in tax liability across the board. Itemized filers’ tax liability will decline by a weighted average of \$1,374 or 9.0 percent. This is because the elimination of the personal exemption is offset by the overall lower tax rates in this category. It is also noted that at this level of income, deduction limitation on State and Local Taxes (‘SALT’) becomes a factor. In 2015, itemized filers in this bracket deducted \$12,182 in SALT. Under the TCJA, these filers will only be able to deduct \$10,000 in SALT. Again, the reduction in tax rates across brackets, coupled with the increase in the Child Tax Credit for filers with dependents, offsets the SALT limitation in this bracket, and all itemized filers can expect a reduction in tax liability as a result.

**Summary:** The weighted average tax liability reduction for this AGI bracket is \$2,220, or 12.8 percent. Despite the limitation in SALT deductions, itemized filers will still experience a lower tax liability under the TCJA than standard filers. Therefore, no significant change in the proportion of filers using the itemized deduction is expected for the \$100,000 to under \$200,000 AGI income bracket.

**Table 16. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Dollars)**  
(from \$100,000 to under \$200,000 AGI)

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	-\$1,225	-\$4,026	-\$237	-\$3,703	-\$866	-\$3,666
1	-\$2,091	-\$4,892	-\$1,224	-\$4,690	-\$1,853	-\$4,653
2	-\$2,957	-\$5,758	-\$2,212	-\$5,678	-\$2,841	-\$5,641

Source: IRS Statistics of Income and DBEDT Calculation

**Table 17. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Percent)**  
(from \$100,000 to under \$200,000 AGI)

No. of Dependents	Single		Joint		Head of Household	
	Itemized	Standard	Itemized	Standard	Itemized	Standard
0	-5.8%	-14.6%	-1.5%	-18.7%	-4.5%	-15.0%
1	-10.4%	-18.5%	-8.4%	-24.9%	-10.1%	-19.9%
2	-15.6%	-22.7%	-16.2%	-31.9%	-16.3%	-25.2%

Source: IRS Statistics of Income and DBEDT Calculation

### \$200,000 - Under \$500,000 Income Bracket

There were 19,600 Hawaii Filers in the \$200,000 to \$500,000 AGI bracket, accounting for 2.9 percent of total filings for the 2015 tax year. The filings were distributed as follows: 13.0 percent single; 83.6 percent joint; and 2.4 percent head of household. The mean adjusted AGI in this bracket was \$278,890. 6.4 percent of filers in the bracket filed for the standard deduction, while 93.6 percent filed for itemized deductions. As incomes increase above \$200,000, the savings from a standard deduction (versus itemized) is reduced substantially. Therefore, for the AGI income categories above \$200,000, only estimates for itemized deductions were included.

**Itemized Deduction Scenario:** Itemized filers in this bracket will see a weighted average decrease in their tax liability of \$1,029 or 2.4 percent (as shown in table 18 and 19 below). Joint-itemized filers will see a decrease in their tax liability due to a lower applicable tax rates across brackets, especially the decrease to 24 percent for the \$165,000 to \$315,000 portion of their AGI. Also, joint filers with child dependents in this bracket can now claim the child tax credit due to the significant increase in the phase out threshold. However, much of these benefits are offset by the elimination of the personal exemption and the \$10,000 cap on the SALT deductions. Under the old tax code, filers in this bracket could deduct an average of \$19,392 in SALT (see Appendix K).

**Summary:** The weighted average tax liability reduction for this AGI bracket is \$1,587, or 3.3 percent. Despite the cap on the SALT deductions, itemized filers will still exhibit a lower tax liability under the TCJA than standard filers. Therefore, assuming rational behavior, there should be no significant change in the proportion of filers using the itemized deduction for the \$200,000 to under \$500,000 AGI income bracket. As a final note, the changes to the Alternative Minimum Tax (AMT) provision of tax code may alter the impact of the TCJA on this income bracket, however due to data limitations and the complexity of the provision, the AMT is difficult to generalize and therefore excluded from this analysis.

**Table 18. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Dollars)**  
(from \$200,000 to under \$500,000 AGI)

No. of Dependents	Single	Joint	Head of Household
	Itemized	Itemized	Itemized
0	\$3,794	-\$1,364	\$6,110
1	\$5,131	-\$2,230	\$7,447
2	\$6,467	-\$3,096	\$8,783

Source: IRS Statistics of Income and DBEDT Calculation

Note: as 94% of filers in this bracket file itemized deductions, the standard deduction analysis was excluded. Please see appendix for analysis of impact on standard filers in this bracket.

**Table 19. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Percent)**

*(from \$200,000 to under \$500,000 AGI)*

No. of Dependents	Single	Joint	Head of Household
	Itemized	Itemized	Itemized
0	6.6%	-2.8%	11.3%
1	9.1%	-4.7%	14.2%
2	11.8%	-6.7%	17.1%

Source: IRS Statistics of Income and DBEDT Calculation

Note: as 94% of filers in this bracket file itemized deductions, the standard deduction analysis was excluded. Please see appendix for analysis of impact on standard filers in this bracket.

### **\$500,000 - Under \$1,000,000 Income Bracket**

There were 2,380 Hawaii Filers in the \$500,000 to \$1,000,000 AGI bracket, accounting for 0.35 percent of total filings for the 2015 tax year. The filings were distributed as follows: 13.5 percent single; 81.9 percent joint; and 2.9 percent head of household. The mean adjusted AGI in this bracket was \$662,580. 5.0 percent of filers in the bracket filed for the standard deduction while 95.0 percent filed for itemized deductions. As with above, the savings from a standard deduction in this AGI income category is minimal when compared to itemized deductions. Therefore, only itemized estimates are included in the table. Furthermore, this income level exceeds the maximum threshold allowed for claiming the child tax benefit, therefore the amounts are the same for all dependent categories.

**Itemized Deduction Scenario:** Itemized filers in this bracket will see a weighted average increase in tax liability of \$3,824 or 2.2 percent (as shown in tables 20 and 21 below). Joint filers are poised to benefit from a tax rate decrease for the top tax bracket, decreasing from 39.6 percent to 37.0 percent. The benefit of lower tax rates is offset from the elimination of the personal exemption, and the limitation of the SALT deductions to \$10,000. Under the old tax code, filers in this bracket could deduct an average of \$58,034 in SALT (see Appendix ‘K’). Joint- itemized filers will see a lower average increase of \$1,099 or 0.7 percent as the SALT deduction limitation is offset by a lower applicable tax rate.

**Summary:** The weighted average tax liability increase for this AGI bracket is \$2,438, or 1.5 percent. Despite the limitation in SALT deductions, itemized filers will still exhibit a lower tax liability under the TCJA than standard filers. Therefore, no significant change in the proportion of filers using the itemized deduction is expected for the \$500,000 to under \$1,000,000 AGI income bracket. As noted above, the changes to the Alternative Minimum Tax (‘AMT’) provision of tax code may alter the impact of the TCJA on this income bracket, however due to data limitations and the complexity of the provision, the AMT is difficult to generalize and therefore excluded from this analysis.

**Table 20. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Dollars)**  
*(from \$500,000 to under \$1,000,000 AGI)*

No. of Dependents	Single	Joint	Head of Household
	Itemized	Itemized	Itemized
0	\$16,821	\$1,099	\$20,321
1	\$16,821	\$1,099	\$20,321
2	\$16,821	\$1,099	\$20,321

Source: IRS Statistics of Income and DBEDT Calculation

Note: as 95% of filers in this bracket file itemized deductions, the standard deduction analysis was excluded. Please see appendix for analysis of impact on standard filers in this bracket.

**Table 21. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Percent)**  
*(from \$500,000 to under \$1,000,000 AGI)*

No. of Dependents	Single	Joint	Head of Household
	Itemized	Itemized	Itemized
0	9.6%	0.7%	11.9%
1	9.6%	0.7%	11.9%
2	9.6%	0.7%	11.9%

Source: IRS Statistics of Income and DBEDT Calculation

Note: as 95% of filers in this bracket file itemized deductions, the standard deduction analysis was excluded. Please see appendix for analysis of impact on standard filers in this bracket.

### **\$1,000,000 + Income Bracket**

There were 960 Hawaii Filers in the \$1,000,000+ AGI bracket, accounting for 0.14 percent of total filings for the 2015 tax year. The filings were distributed as follows: 16.6 percent single; 78.1 percent joint; and 3.1 percent head of household. The mean adjusted AGI in this bracket was \$2,821,630. 5.2 percent of filers in the bracket filed for the standard deduction while 94.8 percent filed for itemized deductions. As with the other high-income categories, the savings from a standard deduction are minimal when compared to itemized deductions. Therefore, only itemized estimates are included in the following tables. Also, the benefit of dependents disappears and so the amounts in the tables are the same for all dependent categories.

**Itemized Deduction Scenario:** Itemized filers in this bracket will see a weighted average increase in tax liability of \$40,158 or 4.5 percent (as shown in tables 22 and 23 below). As with other high-income groups, filers will benefit from a tax rate decrease in the top tax bracket from 39.6 percent to 37.0 percent. However, this is offset from the \$10,000 cap on SALT deductions. Under the old tax code, filers in this bracket would deduct an average of \$272,192 in SALT (see Appendix ‘K’) and, under TCJA, this will be limited to \$10,000.

**Summary:** The weighted average tax liability increase for this AGI bracket is \$33,941, or 3.9 percent. Despite the limitation in SALT deductions, itemized filers will still exhibit a lower tax liability under the TCJA than standard filers. Therefore, no significant change in the proportion of filers using the itemized deduction is expected for the \$1,000,000+ AGI income bracket.

**Table 22. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Dollars)**  
*(\$1,000,000 or more AGI)*

No. of Dependents	Single	Joint	Head of Household
	Itemized	Itemized	Itemized
0	\$52,618	\$36,895	\$56,117
1	\$52,618	\$36,895	\$56,117
2	\$52,618	\$36,895	\$56,117

Source: IRS Statistics of Income and DBEDT Calculation

Note: as 95% of filers in this bracket file itemized deductions, the standard deduction analysis was excluded. Please see appendix for analysis of impact on standard filers in this bracket.

**Table 23. Estimated Income Tax Increase / Decrease of the TCJA by Filing Status (Dollars)**  
*(\$1,000,000 or more AGI)*

No. of Dependents	Single	Joint	Head of Household
	Itemized	Itemized	Itemized
0	5.9%	4.2%	6.3%
1	5.9%	4.2%	6.3%
2	5.9%	4.2%	6.3%

Source: IRS Statistics of Income and DBEDT Calculation

Note: as 95% of filers in this bracket file itemized deductions, the standard deduction analysis was excluded. Please see appendix for analysis of impact on standard filers in this bracket.

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**Appendix A: \$0 - Under \$10,000 Income Bracket Calculations**

Descriptive Statistics		%
Number of Returns in 2015:	92,030	13.37% % of Total Hawaii Returns
Single	75,660	82.21%
Joint	8,360	9.08%
Head of Household	6,400	6.95%
		Distribution of Returns within bracket.
Average AGI (\$ in thousands)	\$ 5.18	
Average Taxable Income (\$ in thousands)	\$ 1.80	
Average Total Tax Liability (\$ in thousands)	\$ 0.58	
Total Itemized Deduction Filings	3830	
Percentage of Returns	4%	

Standard Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
Average AGI	\$5,180	\$5,180	\$5,180
Standard Deduction	(6,350)	(12,700)	(9,350)
Personal Exemption	(4,050)	(5,140)	(4,050)
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 0 Dependents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(1,000)	(1,000)	(1,000)
Refundable Portion	(327)	(327)	(327)
<b>Income Tax After Credit</b>	<b>(\$327)</b>	<b>(\$327)</b>	<b>(\$327)</b>

Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
2 Dependent Personal Exemption	(4,050)	(8,100)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 2 Dependents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
Refundable Portion	(327)	(327)	(327)
<b>Income Tax After Credit</b>	<b>(\$327)</b>	<b>(\$327)</b>	<b>(\$327)</b>

Standard Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
Average AGI	\$5,180	\$5,180	\$5,180
Standard Deduction	(12,000)	(24,000)	(18,000)
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 0 Dependents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>(\$1,400)</b>	<b>(\$1,400)</b>	<b>(\$1,400)</b>

Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>(\$2,800)</b>	<b>(\$2,800)</b>	<b>(\$2,800)</b>

Itemized Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
Average AGI	\$5,180	\$5,180	\$5,180
Personal Exemption	(4,050)	(8,100)	(4,050)
State and Local Income Taxes	(3,081)	(3,081)	(3,081)
State and Local General Sales Taxes	(438)	(438)	(438)
Real Estate Taxes	(1,953)	(1,953)	(1,953)
Home Mortgage Interest Paid	(10,762)	(10,762)	(10,762)
Charitable Contributions	(1,046)	(1,046)	(1,046)
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 0 Dependents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(1,000)	(1,000)	(1,000)
Refundable Portion	(327)	(327)	(327)
<b>Income Tax After Credit</b>	<b>(\$327)</b>	<b>(\$327)</b>	<b>(\$327)</b>

Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 2 Dependents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
Refundable Portion	(327)	(327)	(327)
<b>Income Tax After Credit</b>	<b>(\$327)</b>	<b>(\$327)</b>	<b>(\$327)</b>

Itemized Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
Average AGI	\$5,180	\$5,180	\$5,180
State and Local Income Taxes	(3,081)	(3,081)	(3,081)
State and Local General Sales Taxes	(438)	(438)	(438)
Real Estate Taxes	(1,953)	(1,953)	(1,953)
Home Mortgage Interest Paid	(10,762)	(10,762)	(10,762)
Charitable Contributions	(1,046)	(1,046)	(1,046)
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 0 Dependents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>(\$1,400)</b>	<b>(\$1,400)</b>	<b>(\$1,400)</b>

Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>(\$2,800)</b>	<b>(\$2,800)</b>	<b>(\$2,800)</b>



**Appendix B: \$10,000 - Under \$25,000 Income Bracket Calculations**

Descriptive Statistics		%	
Number of Returns in 2015:	130,840	19.00%	% of Total Hawaii Returns
Single	87,390	66.79%	Distribution of Returns within bracket.
Joint	20,270	15.49%	
Head of Household	19,940	15.24%	
Average AGI (\$ in thousands)	\$ 17.84		
Average Taxable Income (\$ in thousands)	\$ 6.88		
Average Total Tax Liability (\$ in thousands)	\$ 1.00		
Total Itemized Deduction Filings	9490		
Percentage of Returns	7%		

Standard Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$17,840</b>	<b>\$17,840</b>	<b>\$17,840</b>
Standard Deduction	(6,350)	(12,700)	(9,350)
Personal Exemption	(4,050)	(8,100)	(4,050)
<b>Taxable Income Before Dependent Credits</b>	<b>\$7,440</b>	<b>\$0</b>	<b>\$4,440</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 0 Dependents</b>	<b>\$744</b>	<b>\$0</b>	<b>\$444</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$7,440</b>	<b>\$0</b>	<b>\$4,440</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$3,390</b>	<b>\$0</b>	<b>\$390</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$339</b>	<b>\$0</b>	<b>\$39</b>
Child Tax Credit	(1,000)	(1,000)	(1,000)
<b>Income Tax After Credit</b>	<b>(\$661)</b>	<b>(\$1,000)</b>	<b>(\$961)</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$7,440</b>	<b>\$0</b>	<b>\$4,440</b>
2 Dependent Personal Exemption	(7,440)	0	(4,440)
<b>Taxable Income After Dependent Exemption</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 2 Dependents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>(\$2,000)</b>	<b>(\$2,000)</b>	<b>(\$2,000)</b>

Standard Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$17,840</b>	<b>\$17,840</b>	<b>\$17,840</b>
Standard Deduction	(12,000)	(24,000)	(18,000)
<b>Taxable Income Before Dependent Credits</b>	<b>\$5,840</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 0 Dependents</b>	<b>\$584</b>	<b>\$0</b>	<b>\$0</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$5,840</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$584</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>(\$1,400)</b>	<b>(\$1,400)</b>	<b>(\$1,400)</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$5,840</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$584</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>(\$2,800)</b>	<b>(\$2,800)</b>	<b>(\$2,800)</b>

Itemized Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$17,840</b>	<b>\$17,840</b>	<b>\$17,840</b>
Personal Exemption	(4,050)	(8,100)	(4,050)
State and Local Income Taxes	(1,887)	(1,887)	(1,887)
State and Local General Sales Taxes	(568)	(568)	(568)
Real Estate Taxes	(1,785)	(1,785)	(1,785)
Home Mortgage Interest Paid	(10,123)	(10,123)	(10,123)
Charitable Contributions	(1,932)	(1,932)	(1,932)
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 0 Dependents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(1,000)	(1,000)	(1,000)
<b>Income Tax After Credit</b>	<b>(\$1,000)</b>	<b>(\$1,000)</b>	<b>(\$1,000)</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 2 Dependents</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>(\$2,000)</b>	<b>(\$2,000)</b>	<b>(\$2,000)</b>

Itemized Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$17,840</b>	<b>\$17,840</b>	<b>\$17,840</b>
State and Local Income Taxes	(1,887)	(1,887)	(1,887)
State and Local General Sales Taxes	(568)	(568)	(568)
Real Estate Taxes	(1,785)	(1,785)	(1,785)
Home Mortgage Interest Paid	(10,123)	(10,123)	(10,123)
Charitable Contributions	(1,932)	(1,932)	(1,932)
<b>Taxable Income Before Dependent Credits</b>	<b>\$1,545</b>	<b>\$1,545</b>	<b>\$1,545</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 0 Dependents</b>	<b>\$154</b>	<b>\$154</b>	<b>\$154</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$1,545</b>	<b>\$1,545</b>	<b>\$1,545</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$154</b>	<b>\$154</b>	<b>\$154</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>(\$1,400)</b>	<b>(\$1,400)</b>	<b>(\$1,400)</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$1,545</b>	<b>\$1,545</b>	<b>\$1,545</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$154</b>	<b>\$154</b>	<b>\$154</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>(\$2,800)</b>	<b>(\$2,800)</b>	<b>(\$2,800)</b>

**Appendix C: \$25,000 - Under \$50,000 Income Bracket Calculations**

Descriptive Statistics		%	
Number of Returns in 2015:	177,520	25.78%	% of Total Hawaii Returns
Single	98,030	55.22%	Distribution of Returns within bracket.
Joint	44,990	25.34%	
Head of Household	28,940	16.30%	
Average Adjusted AGI (\$ in thousands)	\$ 36.41		
Average Taxable Income (\$ in thousands)	\$ 20.32		
Average Total Tax Liability (\$ in thousands)	\$ 2.78		
Total Itemized Deduction Filings	35840		
Percentage of Returns	20%		

Standard Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
Average AGI	\$36,400	\$36,400	\$36,400
Standard Deduction	(6,350)	(12,700)	(9,350)
Personal Exemption	(4,050)	(8,100)	(4,050)
<b>Taxable Income Before Dependent Credits</b>	<b>\$26,000</b>	<b>\$15,600</b>	<b>\$23,000</b>
Applicable Tax Bracket	15%	10%	15%
<b>Income Tax Liability 0 Dependents</b>	<b>\$3,434</b>	<b>\$1,560</b>	<b>\$2,783</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$26,000</b>	<b>\$15,600</b>	<b>\$23,000</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$21,950</b>	<b>\$11,550</b>	<b>\$18,950</b>
Applicable Tax Bracket	15%	10%	15%
<b>Income Tax Liability 1 Dependent</b>	<b>\$2,826</b>	<b>\$1,155</b>	<b>\$2,175</b>
Child Tax Credit	(1,000)	(1,000)	(1,000)
<b>Income Tax Liability After Credit</b>	<b>\$1,826</b>	<b>\$155</b>	<b>\$1,175</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$26,000</b>	<b>\$15,600</b>	<b>\$23,000</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$17,900</b>	<b>\$7,500</b>	<b>\$14,900</b>
Applicable Tax Bracket	15%	10%	15%
<b>Income Tax Liability 2 Dependents</b>	<b>\$2,219</b>	<b>\$750</b>	<b>\$1,568</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax Liability After Credit</b>	<b>\$219</b>	<b>(\$1,250)</b>	<b>(\$433)</b>

Standard Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
Average AGI	\$36,400	\$36,400	\$36,400
Standard Deduction	(12,000)	(24,000)	(18,000)
<b>Taxable Income Before Dependent Credits</b>	<b>\$24,400</b>	<b>\$12,400</b>	<b>\$18,400</b>
Applicable Tax Bracket	12%	10%	12%
<b>Income Tax Liability 0 Dependents</b>	<b>\$2,742</b>	<b>\$1,240</b>	<b>\$1,936</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$24,400</b>	<b>\$12,400</b>	<b>\$18,400</b>
Applicable Tax Bracket	12%	10%	12%
<b>Income Tax Liability 1 Dependent</b>	<b>\$2,742</b>	<b>\$1,240</b>	<b>\$1,936</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>\$742</b>	<b>(\$760)</b>	<b>(\$64)</b>
Effects of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$24,400</b>	<b>\$12,400</b>	<b>\$18,400</b>
Applicable Tax Bracket	12%	10%	12%
<b>Income Tax Liability 1 Dependent</b>	<b>\$2,742</b>	<b>\$1,240</b>	<b>\$1,936</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>(\$1,259)</b>	<b>(\$2,760)</b>	<b>(\$2,064)</b>

Itemized Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
Average AGI	\$36,400	\$36,400	\$36,400
Personal Exemption	(4,050)	(8,100)	(4,050)
State and Local Income Taxes	(2,478)	(2,478)	(2,478)
State and Local General Sales Taxes	(742)	(742)	(742)
Real Estate Taxes	(1,623)	(1,623)	(1,623)
Home Mortgage Interest Paid	(9,995)	(9,995)	(9,995)
Charitable Contributions	(2,302)	(2,302)	(2,302)
<b>Taxable Income Before Dependent Credits</b>	<b>\$15,209</b>	<b>\$11,159</b>	<b>\$15,209</b>
Applicable Tax Rate	15%	10%	15%
<b>Income Tax Liability 0 Dependents</b>	<b>\$1,815</b>	<b>\$1,116</b>	<b>\$1,614</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$15,209</b>	<b>\$11,159</b>	<b>\$15,209</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$11,159</b>	<b>\$7,109</b>	<b>\$11,159</b>
Applicable Tax Rate	15%	10%	10%
<b>Income Tax Liability 1 Dependent</b>	<b>\$1,208</b>	<b>\$711</b>	<b>\$1,116</b>
Child Tax Credit	(1,000)	(1,000)	(1,000)
<b>Income Tax After Credit</b>	<b>\$208</b>	<b>(\$289)</b>	<b>\$116</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$15,209</b>	<b>\$11,159</b>	<b>\$15,209</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$7,109</b>	<b>\$3,059</b>	<b>\$7,109</b>
Applicable Tax Rate	10%	10%	10%
<b>Income Tax Liability 2 Dependents</b>	<b>\$711</b>	<b>\$306</b>	<b>\$711</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>(\$1,289)</b>	<b>(\$1,694)</b>	<b>(\$1,289)</b>

Itemized Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
Average AGI	\$36,400	\$36,400	\$36,400
State and Local Income Taxes	(2,478)	(2,478)	(2,478)
State and Local General Sales Taxes	(742)	(742)	(742)
Real Estate Taxes	(1,623)	(1,623)	(1,623)
Home Mortgage Interest Paid	(9,995)	(9,995)	(9,995)
Charitable Contributions	(2,302)	(2,302)	(2,302)
<b>Taxable Income Before Dependent Credits</b>	<b>\$19,259</b>	<b>\$19,259</b>	<b>\$19,259</b>
Applicable Tax Rate	12%	12%	12%
<b>Income Tax Liability 0 Dependents</b>	<b>\$2,121</b>	<b>\$1,930</b>	<b>\$2,039</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$19,259</b>	<b>\$19,259</b>	<b>\$19,259</b>
Applicable Tax Rate	12%	12%	12%
<b>Income Tax Liability 1 Dependent</b>	<b>\$2,121</b>	<b>\$1,930</b>	<b>\$2,039</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>\$121</b>	<b>(\$70)</b>	<b>\$39</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$19,259</b>	<b>\$19,259</b>	<b>\$19,259</b>
Applicable Tax Rate	12%	12%	12%
<b>Income Tax Liability 1 Dependent</b>	<b>\$2,121</b>	<b>\$1,930</b>	<b>\$2,039</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>(\$1,879)</b>	<b>(\$2,070)</b>	<b>(\$1,961)</b>

**Appendix D: \$50,000 - Under \$75,000 Income Bracket Calculations**

Descriptive Statistics		%	
Number of Returns in 2015:	99,590	14.46%	% of Total Hawaii Returns
Single	42,810	42.99%	Distribution of Returns within bracket.
Joint	43,710	43.89%	
Head of Household	10,450	10.49%	
Average Adjusted AGI (\$ in thousands)	\$ 61.39		
Average Taxable Income (\$ in thousands)	\$ 40.51		
Average Total Tax Liability (\$ in thousands)	\$ 5.74		
Total Itemized Deduction Filings	35840		
Percentage of Returns	36%		

Standard Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
Average AGI	\$61,390	\$61,390	\$61,390
Standard Deduction	(6,350)	(12,700)	(9,350)
Personal Exemption	(4,050)	(8,100)	(4,050)
<b>Taxable Income Before Dependent Credits</b>	<b>\$50,990</b>	<b>\$40,590</b>	<b>\$47,990</b>
Applicable Tax Bracket	25%	15%	15%
<b>Income Tax Liability 0 Dependents</b>	<b>\$8,486</b>	<b>\$5,156</b>	<b>\$6,531</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$50,990</b>	<b>\$40,590</b>	<b>\$47,990</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$46,940</b>	<b>\$36,540</b>	<b>\$43,940</b>
Applicable Tax Bracket	25%	15%	15%
<b>Income Tax Liability 1 Dependent</b>	<b>\$7,474</b>	<b>\$4,549</b>	<b>\$5,924</b>
Child Tax Credit	(1,000)	(1,000)	(1,000)
<b>Income Tax Liability After Credit</b>	<b>\$6,474</b>	<b>\$3,549</b>	<b>\$4,924</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$50,990</b>	<b>\$40,590</b>	<b>\$47,990</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$42,890</b>	<b>\$32,490</b>	<b>\$39,890</b>
Applicable Tax Bracket	25%	15%	15%
<b>Income Tax Liability 2 Dependents</b>	<b>\$6,461</b>	<b>\$3,941</b>	<b>\$5,316</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax Liability After Credit</b>	<b>\$4,461</b>	<b>\$1,941</b>	<b>\$3,316</b>

Standard Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
Average AGI	\$61,390	\$61,390	\$61,390
Standard Deduction	(12,000)	(24,000)	(18,000)
<b>Taxable Income Before Dependent Credits</b>	<b>\$49,390</b>	<b>\$37,390</b>	<b>\$43,390</b>
Applicable Tax Bracket	22%	12%	12%
<b>Income Tax Liability 0 Dependents</b>	<b>\$6,805</b>	<b>\$4,106</b>	<b>\$4,935</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$49,390</b>	<b>\$37,390</b>	<b>\$43,390</b>
Applicable Tax Bracket	22%	12%	12%
<b>Income Tax Liability 1 Dependent</b>	<b>\$6,805</b>	<b>\$4,106</b>	<b>\$4,935</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>\$4,805</b>	<b>\$2,106</b>	<b>\$2,935</b>
Effects of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$49,390</b>	<b>\$37,390</b>	<b>\$43,390</b>
Applicable Tax Bracket	22%	12%	12%
<b>Income Tax Liability 1 Dependent</b>	<b>\$6,805</b>	<b>\$4,106</b>	<b>\$4,935</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>\$2,805</b>	<b>\$106</b>	<b>\$935</b>

Itemized Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
Average AGI	\$61,390	\$61,390	\$61,390
Personal Exemption	(4,050)	(8,100)	(4,050)
State and Local Income Taxes	(3,830)	(3,830)	(3,830)
State and Local General Sales Taxes	(902)	(902)	(902)
Real Estate Taxes	(1,724)	(1,724)	(1,724)
Home Mortgage Interest Paid	(10,557)	(10,557)	(10,557)
Charitable Contributions	(2,548)	(2,548)	(2,548)
<b>Taxable Income Before Dependent Credits</b>	<b>\$37,778</b>	<b>\$33,728</b>	<b>\$37,778</b>
Applicable Tax Rate	15%	15%	15%
<b>Income Tax Liability 0 Dependents</b>	<b>\$5,200</b>	<b>\$4,127</b>	<b>\$4,999</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$37,778</b>	<b>\$33,728</b>	<b>\$37,778</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$33,728</b>	<b>\$29,678</b>	<b>\$33,728</b>
Applicable Tax Rate	15%	15%	15%
<b>Income Tax Liability 1 Dependent</b>	<b>\$4,593</b>	<b>\$3,519</b>	<b>\$4,392</b>
Child Tax Credit	(1,000)	(1,000)	(1,000)
<b>Income Tax After Credit</b>	<b>\$3,593</b>	<b>\$2,519</b>	<b>\$3,392</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$37,778</b>	<b>\$33,728</b>	<b>\$37,778</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$29,678</b>	<b>\$25,628</b>	<b>\$29,678</b>
Applicable Tax Rate	15%	15%	15%
<b>Income Tax Liability 2 Dependents</b>	<b>\$3,985</b>	<b>\$2,912</b>	<b>\$3,784</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>\$1,985</b>	<b>\$912</b>	<b>\$1,784</b>

Itemized Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
Average AGI	\$61,390	\$61,390	\$61,390
State and Local Income Taxes	(3,830)	(3,830)	(3,830)
State and Local General Sales Taxes	(902)	(902)	(902)
Real Estate Taxes	(1,724)	(1,724)	(1,724)
Home Mortgage Interest Paid	(10,557)	(10,557)	(10,557)
Charitable Contributions	(2,548)	(2,548)	(2,548)
<b>Taxable Income Before Dependent Credits</b>	<b>\$41,828</b>	<b>\$41,828</b>	<b>\$41,828</b>
Applicable Tax Rate	22%	12%	12%
<b>Income Tax Liability 0 Dependents</b>	<b>\$5,142</b>	<b>\$4,638</b>	<b>\$4,747</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$41,828</b>	<b>\$41,828</b>	<b>\$41,828</b>
Applicable Tax Rate	22%	12%	12%
<b>Income Tax Liability 1 Dependent</b>	<b>\$5,142</b>	<b>\$4,638</b>	<b>\$4,747</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>\$3,142</b>	<b>\$2,638</b>	<b>\$2,747</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$41,828</b>	<b>\$41,828</b>	<b>\$41,828</b>
Applicable Tax Rate	22%	12%	12%
<b>Income Tax Liability 1 Dependent</b>	<b>\$5,142</b>	<b>\$4,638</b>	<b>\$4,747</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>\$1,142</b>	<b>\$638</b>	<b>\$747</b>

**Appendix E: \$75,000 - Under \$100,000 Income Bracket Calculations**

Descriptive Statistics		%	
Number of Returns in 2015:	64,480	9.36%	% of Total Hawaii Returns
Single	17,760	27.54%	Distribution of Returns within bracket.
Joint	41,050	63.66%	
Head of Household	4,470	6.93%	
Average Adjusted AGI (\$ in thousands)	\$ 86.63		
Average Taxable Income (\$ in thousands)	\$ 60.67		
Average Total Tax Liability (\$ in thousands)	\$ 8.92		
Total Itemized Deduction Filings	34880		
Percentage of Returns	54%		

Standard Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
Average AGI	\$86,630	\$86,630	\$86,630
Standard Deduction	(6,350)	(12,700)	(9,350)
Personal Exemption	(4,050)	(8,100)	(4,050)
<b>Taxable Income Before Dependent Credits</b>	<b>\$76,230</b>	<b>\$65,830</b>	<b>\$73,230</b>
Applicable Tax Bracket	25%	15%	25%
<b>Income Tax Liability 0 Dependents</b>	<b>\$14,796</b>	<b>\$8,942</b>	<b>\$12,560</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$76,230</b>	<b>\$65,830</b>	<b>\$73,230</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$72,180</b>	<b>\$61,780</b>	<b>\$69,180</b>
Applicable Tax Bracket	25%	15%	25%
<b>Income Tax Liability 1 Dependent</b>	<b>\$13,784</b>	<b>\$8,335</b>	<b>\$11,548</b>
Child Tax Credit	(450)	(1,000)	(450)
<b>Income Tax Liability After Credit</b>	<b>\$13,334</b>	<b>\$7,335</b>	<b>\$11,098</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$76,230</b>	<b>\$65,830</b>	<b>\$73,230</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$68,130</b>	<b>\$57,730</b>	<b>\$65,130</b>
Applicable Tax Bracket	25%	15%	25%
<b>Income Tax Liability 2 Dependents</b>	<b>\$12,771</b>	<b>\$7,727</b>	<b>\$10,535</b>
Child Tax Credit	(900)	(2,000)	(900)
<b>Income Tax Liability After Credit</b>	<b>\$11,871</b>	<b>\$5,727</b>	<b>\$9,635</b>

Standard Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
Average AGI	\$86,630	\$86,630	\$86,630
Standard Deduction	(12,000)	(24,000)	(18,000)
<b>Taxable Income Before Dependent Credits</b>	<b>\$74,630</b>	<b>\$62,630</b>	<b>\$68,630</b>
Applicable Tax Bracket	22%	12%	22%
<b>Income Tax Liability 0 Dependents</b>	<b>\$12,358</b>	<b>\$7,135</b>	<b>\$9,647</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$74,630</b>	<b>\$62,630</b>	<b>\$68,630</b>
Applicable Tax Bracket	22%	12%	22%
<b>Income Tax Liability 1 Dependent</b>	<b>\$12,358</b>	<b>\$7,135</b>	<b>\$9,647</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>\$10,358</b>	<b>\$5,135</b>	<b>\$7,647</b>
Effects of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$74,630</b>	<b>\$62,630</b>	<b>\$68,630</b>
Applicable Tax Bracket	22%	12%	22%
<b>Income Tax Liability 1 Dependent</b>	<b>\$12,358</b>	<b>\$7,135</b>	<b>\$9,647</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>\$8,358</b>	<b>\$3,135</b>	<b>\$5,647</b>

Itemized Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
Average AGI	\$86,630	\$86,630	\$86,630
Personal Exemption	(4,050)	(8,100)	(4,050)
State and Local Income Taxes	(5,283)	(5,283)	(5,283)
State and Local General Sales Taxes	(1,125)	(1,125)	(1,125)
Real Estate Taxes	(1,784)	(1,784)	(1,784)
Home Mortgage Interest Paid	(11,671)	(11,671)	(11,671)
Charitable Contributions	(2,817)	(2,817)	(2,817)
<b>Taxable Income Before Dependent Credits</b>	<b>\$59,900</b>	<b>\$55,850</b>	<b>\$59,900</b>
Applicable Tax Rate	22%	12%	22%
<b>Income Tax Liability 0 Dependents</b>	<b>\$9,117</b>	<b>\$6,321</b>	<b>\$7,726</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$59,900</b>	<b>\$55,850</b>	<b>\$59,900</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$55,850</b>	<b>\$51,800</b>	<b>\$55,850</b>
Applicable Tax Rate	25%	15%	25%
<b>Income Tax Liability 1 Dependent</b>	<b>\$9,701</b>	<b>\$6,837</b>	<b>\$8,215</b>
Child Tax Credit	(1,000)	(1,000)	(1,000)
<b>Income Tax After Credit</b>	<b>\$8,701</b>	<b>\$5,837</b>	<b>\$7,215</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$59,900</b>	<b>\$55,850</b>	<b>\$59,900</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$51,800</b>	<b>\$47,750</b>	<b>\$51,800</b>
Applicable Tax Rate	25%	15%	25%
<b>Income Tax Liability 2 Dependents</b>	<b>\$8,689</b>	<b>\$6,230</b>	<b>\$7,202</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>\$6,689</b>	<b>\$4,230</b>	<b>\$5,202</b>

Itemized Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
Average AGI	\$86,630	\$86,630	\$86,630
State and Local Income Taxes	(5,283)	(5,283)	(5,283)
State and Local General Sales Taxes	(1,125)	(1,125)	(1,125)
Real Estate Taxes	(1,784)	(1,784)	(1,784)
Home Mortgage Interest Paid	(11,671)	(11,671)	(11,671)
Charitable Contributions	(2,817)	(2,817)	(2,817)
<b>Taxable Income Before Dependent Credits</b>	<b>\$63,950</b>	<b>\$63,950</b>	<b>\$63,950</b>
Applicable Tax Rate	22%	12%	22%
<b>Income Tax Liability 0 Dependents</b>	<b>\$10,008</b>	<b>\$7,293</b>	<b>\$8,617</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$63,950</b>	<b>\$63,950</b>	<b>\$63,950</b>
Applicable Tax Rate	22%	12%	22%
<b>Income Tax Liability 1 Dependent</b>	<b>\$10,008</b>	<b>\$7,293</b>	<b>\$8,617</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>\$8,008</b>	<b>\$5,293</b>	<b>\$6,617</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$63,950</b>	<b>\$63,950</b>	<b>\$63,950</b>
Applicable Tax Rate	22%	12%	22%
<b>Income Tax Liability 1 Dependent</b>	<b>\$10,008</b>	<b>\$7,293</b>	<b>\$8,617</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>\$6,008</b>	<b>\$3,293</b>	<b>\$4,617</b>

**Appendix F: \$100,000 - Under \$200,000 Income Bracket Calculations**

Descriptive Statistics	%	
Number of Returns in 2015:	89,260	12.96%
Single	13,080	14.65%
Joint	72,210	80.90%
Head of Household	3,050	3.42%
Average Adjusted AGI (\$ in thousands)	\$ 134.14	
Average Taxable Income (\$ in thousands)	\$ 100.16	
Average Total Tax Liability (\$ in thousands)	\$ 17.28	
Total Itemized Deduction Filings	66720	
Percentage of Returns	75%	

Distribution of Returns within bracket.

Standard Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$134,140</b>	<b>\$134,140</b>	<b>\$134,140</b>
Standard Deduction	(6,350)	(12,700)	(9,350)
Personal Exemption	(4,050)	(8,100)	(4,050)
<b>Taxable Income Before Dependent Credits</b>	<b>\$123,740</b>	<b>\$113,340</b>	<b>\$120,740</b>
Applicable Tax Bracket	28%	25%	25%
<b>Income Tax Liability 0 Dependents</b>	<b>\$27,629</b>	<b>\$19,813</b>	<b>\$24,438</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$123,740</b>	<b>\$113,340</b>	<b>\$120,740</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$119,690</b>	<b>\$109,290</b>	<b>\$116,690</b>
Applicable Tax Bracket	28%	25%	25%
<b>Income Tax Liability 1 Dependent</b>	<b>\$26,495</b>	<b>\$18,800</b>	<b>\$23,425</b>
Child Tax Credit	0	0	0
<b>Income Tax Liability After Credit</b>	<b>\$26,495</b>	<b>\$18,800</b>	<b>\$23,425</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$123,740</b>	<b>\$113,340</b>	<b>\$120,740</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$115,640</b>	<b>\$105,240</b>	<b>\$112,640</b>
Applicable Tax Bracket	28%	25%	25%
<b>Income Tax Liability 2 Dependents</b>	<b>\$25,361</b>	<b>\$17,788</b>	<b>\$22,413</b>
Child Tax Credit	0	0	0
<b>Income Tax Liability After Credit</b>	<b>\$25,361</b>	<b>\$17,788</b>	<b>\$22,413</b>

Standard Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$134,140</b>	<b>\$134,140</b>	<b>\$134,140</b>
Standard Deduction	(12,000)	(24,000)	(18,000)
<b>Taxable Income Before Dependent Credits</b>	<b>\$122,140</b>	<b>\$110,140</b>	<b>\$116,140</b>
Applicable Tax Bracket	24%	22%	24%
<b>Income Tax Liability 0 Dependents</b>	<b>\$23,603</b>	<b>\$16,110</b>	<b>\$20,772</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$122,140</b>	<b>\$110,140</b>	<b>\$116,140</b>
Applicable Tax Bracket	24%	22%	24%
<b>Income Tax Liability 1 Dependent</b>	<b>\$23,603</b>	<b>\$16,110</b>	<b>\$20,772</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>\$21,603</b>	<b>\$14,110</b>	<b>\$18,772</b>
Effects of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$122,140</b>	<b>\$110,140</b>	<b>\$116,140</b>
Applicable Tax Bracket	24%	22%	24%
<b>Income Tax Liability 1 Dependent</b>	<b>\$23,603</b>	<b>\$16,110</b>	<b>\$20,772</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>\$19,603</b>	<b>\$12,110</b>	<b>\$16,772</b>

Itemized Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$134,140</b>	<b>\$134,140</b>	<b>\$134,140</b>
Personal Exemption	(4,050)	(8,100)	(4,050)
State and Local Income Taxes	(8,367)	(8,367)	(8,367)
State and Local General Sales Taxes	(1,578)	(1,578)	(1,578)
Real Estate Taxes	(2,238)	(2,238)	(2,238)
Home Mortgage Interest Paid	(13,714)	(13,714)	(13,714)
Charitable Contributions	(3,468)	(3,468)	(3,468)
<b>Taxable Income Before Dependent Credits</b>	<b>\$100,726</b>	<b>\$96,676</b>	<b>\$100,726</b>
Applicable Tax Rate	28%	25%	25%
<b>Income Tax Liability 0 Dependents</b>	<b>\$21,185</b>	<b>\$15,646</b>	<b>\$19,434</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$100,726</b>	<b>\$96,676</b>	<b>\$100,726</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$96,676</b>	<b>\$92,626</b>	<b>\$96,676</b>
Applicable Tax Rate	28%	25%	25%
<b>Income Tax Liability 1 Dependent</b>	<b>\$20,051</b>	<b>\$14,634</b>	<b>\$18,421</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$20,051</b>	<b>\$14,634</b>	<b>\$18,421</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$100,726</b>	<b>\$96,676</b>	<b>\$100,726</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$92,626</b>	<b>\$88,576</b>	<b>\$92,626</b>
Applicable Tax Rate	28%	25%	25%
<b>Income Tax Liability 2 Dependents</b>	<b>\$18,917</b>	<b>\$13,621</b>	<b>\$17,409</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$18,917</b>	<b>\$13,621</b>	<b>\$17,409</b>

Itemized Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$134,140</b>	<b>\$134,140</b>	<b>\$134,140</b>
Total State and Local Taxes	(\$10,000)	(\$10,000)	(\$10,000)
Home Mortgage Interest Paid	(\$13,714)	(\$13,714)	(\$13,714)
Charitable Contributions	(\$3,468)	(\$3,468)	(\$3,468)
<b>Taxable Income Before Dependent Credits</b>	<b>\$106,958</b>	<b>\$106,958</b>	<b>\$106,958</b>
Applicable Tax Rate	24%	22%	24%
<b>Income Tax Liability 0 Dependents</b>	<b>\$19,959</b>	<b>\$15,410</b>	<b>\$18,568</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$106,958</b>	<b>\$106,958</b>	<b>\$106,958</b>
Applicable Tax Rate	24%	22%	24%
<b>Income Tax Liability 1 Dependent</b>	<b>\$19,959</b>	<b>\$15,410</b>	<b>\$18,568</b>
Child Tax Credit	(2,000)	(2,000)	(2,000)
<b>Income Tax After Credit</b>	<b>\$17,959</b>	<b>\$13,410</b>	<b>\$16,568</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$106,958</b>	<b>\$106,958</b>	<b>\$106,958</b>
Applicable Tax Rate	24%	22%	24%
<b>Income Tax Liability 1 Dependent</b>	<b>\$19,959</b>	<b>\$15,410</b>	<b>\$18,568</b>
Child Tax Credit	(4,000)	(4,000)	(4,000)
<b>Income Tax After Credit</b>	<b>\$15,959</b>	<b>\$11,410</b>	<b>\$14,568</b>

**Appendix G: \$200,000 - Under \$500,000 Income Bracket Calculations**

Descriptive Statistics		%	
Number of Returns in 2015:	19,600	2.85%	% of Total Hawaii Returns
Single	2,540	12.96%	Distribution of Returns within bracket.
Joint	16,390	83.62%	
Head of Household	480	2.45%	
Average Adjusted AGI (\$ in thousands)	\$ 278.89		
Average Taxable Income (\$ in thousands)	\$ 227.45		
Average Total Tax Liability (\$ in thousands)	\$ 54.58		
Total Itemized Deduction Filings	18340		
Percentage of Returns	94%		

Standard Deduction Scenario			
	Old Code		
	Single	Joint	Head of Household
Standard Deduction Takers			
<b>Average AGI</b>	<b>\$278,890</b>	<b>\$278,890</b>	<b>\$278,890</b>
Standard Deduction	(6,350)	(12,700)	(9,350)
Personal Exemption	(4,050)	(8,100)	(4,050)
<b>Taxable Income Before Dependent Credits</b>	<b>\$268,490</b>	<b>\$258,090</b>	<b>\$265,490</b>
Applicable Tax Bracket	33%	33%	33%
<b>Income Tax Liability 0 Dependents</b>	<b>\$72,001</b>	<b>\$60,387</b>	<b>\$67,303</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$268,490</b>	<b>\$258,090</b>	<b>\$265,490</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$264,440</b>	<b>\$254,040</b>	<b>\$261,440</b>
Applicable Tax Bracket	33%	33%	33%
<b>Income Tax Liability 1 Dependent</b>	<b>\$70,664</b>	<b>\$59,050</b>	<b>\$65,967</b>
Child Tax Credit	0	0	0
<b>Income Tax Liability After Credit</b>	<b>\$70,664</b>	<b>\$59,050</b>	<b>\$65,967</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$268,490</b>	<b>\$258,090</b>	<b>\$265,490</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$260,390</b>	<b>\$249,990</b>	<b>\$257,390</b>
Applicable Tax Bracket	33%	33%	33%
<b>Income Tax Liability 2 Dependents</b>	<b>\$69,328</b>	<b>\$57,714</b>	<b>\$64,630</b>
Child Tax Credit	0	0	0
<b>Income Tax Liability After Credit</b>	<b>\$69,328</b>	<b>\$57,714</b>	<b>\$64,630</b>

Standard Deduction Scenario			
	Tax Code and Jobs Act		
	Single	Joint	Head of Household
Average AGI	\$278,890	\$278,890	\$278,890
Standard Deduction	(12,000)	(24,000)	(18,000)
<b>Taxable Income Before Dependent Credits</b>	<b>\$266,890</b>	<b>\$254,890</b>	<b>\$260,890</b>
Applicable Tax Bracket	35%	24%	35%
<b>Income Tax Liability 0 Dependents</b>	<b>\$69,101</b>	<b>\$49,753</b>	<b>\$65,610</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$266,890</b>	<b>\$254,890</b>	<b>\$260,890</b>
Applicable Tax Bracket	35%	24%	35%
<b>Income Tax Liability 1 Dependent</b>	<b>\$69,101</b>	<b>\$49,753</b>	<b>\$65,610</b>
Child Tax Credit	0	(2,000)	0
<b>Income Tax After Credit</b>	<b>\$69,101</b>	<b>\$47,753</b>	<b>\$65,610</b>
Effects of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$266,890</b>	<b>\$254,890</b>	<b>\$260,890</b>
Applicable Tax Bracket	35%	24%	35%
<b>Income Tax Liability 1 Dependent</b>	<b>\$69,101</b>	<b>\$49,753</b>	<b>\$65,610</b>
Child Tax Credit	0	(4,000)	0
<b>Income Tax After Credit</b>	<b>\$69,101</b>	<b>\$45,753</b>	<b>\$65,610</b>

Itemized Deduction Scenario			
	Old Code		
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$278,890</b>	<b>\$278,890</b>	<b>\$278,890</b>
Personal Exemption	(4,050)	(8,100)	(4,050)
State and Local Income Taxes	(19,392)	(19,392)	(19,392)
State and Local General Sales Taxes	(2,745)	(2,745)	(2,745)
Real Estate Taxes	(3,829)	(3,829)	(3,829)
Home Mortgage Interest Paid	(17,587)	(17,587)	(17,587)
Charitable Contributions	(6,384)	(6,384)	(6,384)
<b>Taxable Income Before Dependent Credits</b>	<b>\$224,902</b>	<b>\$220,852</b>	<b>\$224,902</b>
Applicable Tax Rate	33%	28%	33%
<b>Income Tax Liability 0 Dependents</b>	<b>\$57,617</b>	<b>\$48,723</b>	<b>\$53,909</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$224,902</b>	<b>\$220,852</b>	<b>\$224,902</b>
1 Dependent Personal Exemption	(4,050)	(4,050)	(4,050)
<b>Taxable Income After Dependent Exemption</b>	<b>\$220,852</b>	<b>\$216,802</b>	<b>\$220,852</b>
Applicable Tax Rate	33%	28%	33%
<b>Income Tax Liability 1 Dependent</b>	<b>\$56,281</b>	<b>\$47,589</b>	<b>\$52,573</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$56,281</b>	<b>\$47,589</b>	<b>\$52,573</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$224,902</b>	<b>\$220,852</b>	<b>\$224,902</b>
2 Dependent Personal Exemption	(8,100)	(8,100)	(8,100)
<b>Taxable Income After Dependent Exemption</b>	<b>\$216,802</b>	<b>\$212,752</b>	<b>\$216,802</b>
Applicable Tax Rate	33%	28%	33%
<b>Income Tax Liability 2 Dependents</b>	<b>\$54,944</b>	<b>\$46,455</b>	<b>\$51,236</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$54,944</b>	<b>\$46,455</b>	<b>\$51,236</b>

Itemized Deduction Scenario			
	Tax Code and Jobs Act		
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$278,890</b>	<b>\$278,890</b>	<b>\$278,890</b>
Total State and Local Taxes	(\$10,000)	(\$10,000)	(\$10,000)
Home Mortgage Interest Paid	(\$17,587)	(\$17,587)	(\$17,587)
Charitable Contributions	(\$6,384)	(\$6,384)	(\$6,384)
<b>Taxable Income Before Dependent Credits</b>	<b>\$244,919</b>	<b>\$244,919</b>	<b>\$244,919</b>
Applicable Tax Rate	35%	24%	35%
<b>Income Tax Liability 0 Dependents</b>	<b>\$61,411</b>	<b>\$47,359</b>	<b>\$60,020</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$244,919</b>	<b>\$244,919</b>	<b>\$244,919</b>
Applicable Tax Rate	35%	24%	35%
<b>Income Tax Liability 1 Dependent</b>	<b>\$61,411</b>	<b>\$47,359</b>	<b>\$60,020</b>
Child Tax Credit	0	(2,000)	0
<b>Income Tax After Credit</b>	<b>\$61,411</b>	<b>\$45,359</b>	<b>\$60,020</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$244,919</b>	<b>\$244,919</b>	<b>\$244,919</b>
Applicable Tax Rate	35%	24%	35%
<b>Income Tax Liability 1 Dependent</b>	<b>\$61,411</b>	<b>\$47,359</b>	<b>\$60,020</b>
Child Tax Credit	0	(4,000)	0
<b>Income Tax After Credit</b>	<b>\$61,411</b>	<b>\$43,359</b>	<b>\$60,020</b>

**Standard Deduction Scenario (\$200,000 - \$500,000):** The TCJA reduces the tax liability of standard filers in this bracket by a weighted average of \$9,753 or 16.5 percent across the 3 categories (tables 17 and 18). Head of household filers with 2 dependents can expect a \$979, or 1.5 percent increase in tax liability in this bracket due to tax rates and the loss of the personal exemption deduction.

**Appendix H: \$500,000 - Under \$1,000,000 Income Bracket Calculations**

Descriptive Statistics		%	
Number of Returns in 2015:	2,380	0.35%	% of Total Hawaii Returns
Single	320	13.45%	Distribution of Returns within bracket.
Joint	1,950	81.93%	
Head of Household	70	2.94%	
Average Adjusted AGI (\$ in thousands)	\$ 662.58		
Average Taxable Income (\$ in thousands)	\$ 574.09		
Average Total Tax Liability (\$ in thousands)	\$ 171.61		
Total Itemized Deduction Filings	2260		
Percentage of Returns	95%		

Standard Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$662,580</b>	<b>\$662,580</b>	<b>\$662,580</b>
Standard Deduction	(6,350)	(12,700)	(9,350)
Personal Exemption	0	0	0
<b>Taxable Income Before Dependent Credits</b>	<b>\$656,230</b>	<b>\$649,880</b>	<b>\$653,230</b>
Applicable Tax Bracket	40%	40%	40%
<b>Income Tax Liability 0 Dependents</b>	<b>\$215,686</b>	<b>\$202,583</b>	<b>\$209,587</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$656,230</b>	<b>\$649,880</b>	<b>\$653,230</b>
1 Dependent Personal Exemption	0	0	0
<b>Taxable Income After Dependent Exemption</b>	<b>\$656,230</b>	<b>\$649,880</b>	<b>\$653,230</b>
Applicable Tax Bracket	40%	40%	40%
<b>Income Tax Liability 1 Dependent</b>	<b>\$215,686</b>	<b>\$202,583</b>	<b>\$209,587</b>
Child Tax Credit	0	0	0
<b>Income Tax Liability After Credit</b>	<b>\$215,686</b>	<b>\$202,583</b>	<b>\$209,587</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$656,230</b>	<b>\$649,880</b>	<b>\$653,230</b>
2 Dependent Personal Exemption	0	0	0
<b>Taxable Income After Dependent Exemption</b>	<b>\$656,230</b>	<b>\$649,880</b>	<b>\$653,230</b>
Applicable Tax Bracket	40%	40%	40%
<b>Income Tax Liability 2 Dependents</b>	<b>\$215,686</b>	<b>\$202,583</b>	<b>\$209,587</b>
Child Tax Credit	0	0	0
<b>Income Tax Liability After Credit</b>	<b>\$215,686</b>	<b>\$202,583</b>	<b>\$209,587</b>

Standard Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$662,580</b>	<b>\$662,580</b>	<b>\$662,580</b>
Standard Deduction	(12,000)	(24,000)	(18,000)
<b>Taxable Income Before Dependent Credits</b>	<b>\$650,580</b>	<b>\$638,580</b>	<b>\$644,580</b>
Applicable Tax Bracket	37%	37%	37%
<b>Income Tax Liability 0 Dependents</b>	<b>\$206,404</b>	<b>\$175,654</b>	<b>\$202,793</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$650,580</b>	<b>\$638,580</b>	<b>\$644,580</b>
Applicable Tax Bracket	37%	37%	37%
<b>Income Tax Liability 1 Dependent</b>	<b>\$206,404</b>	<b>\$175,654</b>	<b>\$202,793</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$206,404</b>	<b>\$175,654</b>	<b>\$202,793</b>
Effects of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$650,580</b>	<b>\$638,580</b>	<b>\$644,580</b>
Applicable Tax Bracket	37%	37%	37%
<b>Income Tax Liability 1 Dependent</b>	<b>\$206,404</b>	<b>\$175,654</b>	<b>\$202,793</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$206,404</b>	<b>\$175,654</b>	<b>\$202,793</b>

Itemized Deduction Scenario			
Old Code			
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$662,580</b>	<b>\$662,580</b>	<b>\$662,580</b>
Personal Exemption	0	0	0
State and Local Income Taxes	(58,034)	(58,034)	(58,034)
State and Local General Sales Taxes	(2,883)	(2,883)	(2,883)
Real Estate Taxes	(6,954)	(6,954)	(6,954)
Home Mortgage Interest Paid	(22,648)	(22,648)	(22,648)
Charitable Contributions	(15,852)	(15,852)	(15,852)
<b>Taxable Income Before Dependent Credits</b>	<b>\$556,209</b>	<b>\$556,209</b>	<b>\$556,209</b>
Applicable Tax Rate	40%	40%	40%
<b>Income Tax Liability 0 Dependents</b>	<b>\$176,078</b>	<b>\$165,490</b>	<b>\$171,187</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$556,209</b>	<b>\$556,209</b>	<b>\$556,209</b>
1 Dependent Personal Exemption	0	0	0
<b>Taxable Income After Dependent Exemption</b>	<b>\$556,209</b>	<b>\$556,209</b>	<b>\$556,209</b>
Applicable Tax Rate	40%	40%	40%
<b>Income Tax Liability 1 Dependent</b>	<b>\$176,078</b>	<b>\$165,490</b>	<b>\$171,187</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$176,078</b>	<b>\$165,490</b>	<b>\$171,187</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$556,209</b>	<b>\$556,209</b>	<b>\$556,209</b>
2 Dependent Personal Exemption	0	0	0
<b>Taxable Income After Dependent Exemption</b>	<b>\$556,209</b>	<b>\$556,209</b>	<b>\$556,209</b>
Applicable Tax Rate	40%	40%	40%
<b>Income Tax Liability 2 Dependents</b>	<b>\$176,078</b>	<b>\$165,490</b>	<b>\$171,187</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$176,078</b>	<b>\$165,490</b>	<b>\$171,187</b>

Itemized Deduction Scenario			
Tax Code and Jobs Act			
	Single	Joint	Head of Household
Standard Deduction Takers			
<b>Average AGI</b>	<b>\$662,580</b>	<b>\$662,580</b>	<b>\$662,580</b>
Total State and Local Taxes	(\$10,000)	(\$10,000)	(\$10,000)
Home Mortgage Interest Paid	(\$22,648)	(\$22,648)	(\$22,648)
Charitable Contributions	(\$15,852)	(\$15,852)	(\$15,852)
<b>Taxable Income Before Dependent Credits</b>	<b>\$614,080</b>	<b>\$614,080</b>	<b>\$614,080</b>
Applicable Tax Rate	37%	37%	37%
<b>Income Tax Liability 0 Dependents</b>	<b>\$192,899</b>	<b>\$166,588</b>	<b>\$191,507</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$614,080</b>	<b>\$614,080</b>	<b>\$614,080</b>
Applicable Tax Rate	37%	37%	37%
<b>Income Tax Liability 1 Dependent</b>	<b>\$192,899</b>	<b>\$166,588</b>	<b>\$191,507</b>
Child Tax Credit			
<b>Income Tax After Credit</b>	<b>\$192,899</b>	<b>\$166,588</b>	<b>\$191,507</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$614,080</b>	<b>\$614,080</b>	<b>\$614,080</b>
Applicable Tax Rate	37%	37%	37%
<b>Income Tax Liability 1 Dependent</b>	<b>\$192,899</b>	<b>\$166,588</b>	<b>\$191,507</b>
Child Tax Credit			
<b>Income Tax After Credit</b>	<b>\$192,899</b>	<b>\$166,588</b>	<b>\$191,507</b>

**Standard Deduction Scenario (\$500,000- \$1,000,000):** The TCJA reduces the tax liability of standard filers in this bracket by a weighted average of \$23,905 or 11.8 percent across the 3 categories.

**Appendix I: \$1,000,000 + Income Bracket Calculations**

Descriptive Statistics		%
Number of Returns in 2015:	960	0.14% % of Total Hawaii Returns
Single	160	16.67%
Joint	750	78.13%
Head of Household	30	3.13%
		Distribution of Returns within bracket.
Average Adjusted AGI (\$ in thousands)	\$ 2,821.63	
Average Taxable Income (\$ in thousands)	\$ 2,475.15	
Average Total Tax Liability (\$ in thousands)	\$ 772.63	
Total Itemized Deduction Filings	910	
Percentage of Returns	95%	

Standard Deduction Scenario			
	Old Code		
	Single	Joint	Head of Household
Standard Deduction Takers			
<b>Average AGI</b>	<b>\$2,821,630</b>	<b>\$2,821,630</b>	<b>\$2,821,630</b>
Standard Deduction	(6,350)	(12,700)	(9,350)
Personal Exemption	0	0	0
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,815,280</b>	<b>\$2,808,930</b>	<b>\$2,812,280</b>
Applicable Tax Bracket	40%	40%	40%
<b>Income Tax Liability 0 Dependents</b>	<b>\$1,070,670</b>	<b>\$1,057,567</b>	<b>\$1,064,571</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,815,280</b>	<b>\$2,808,930</b>	<b>\$2,812,280</b>
1 Dependent Personal Exemption	0	0	0
<b>Taxable Income After Dependent Exemption</b>	<b>\$2,815,280</b>	<b>\$2,808,930</b>	<b>\$2,812,280</b>
Applicable Tax Bracket	40%	40%	40%
<b>Income Tax Liability 1 Dependent</b>	<b>\$1,070,670</b>	<b>\$1,057,567</b>	<b>\$1,064,571</b>
Child Tax Credit	0	0	0
<b>Income Tax Liability After Credit</b>	<b>\$1,070,670</b>	<b>\$1,057,567</b>	<b>\$1,064,571</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,815,280</b>	<b>\$2,808,930</b>	<b>\$2,812,280</b>
2 Dependent Personal Exemption	0	0	0
<b>Taxable Income After Dependent Exemption</b>	<b>\$2,815,280</b>	<b>\$2,808,930</b>	<b>\$2,812,280</b>
Applicable Tax Bracket	40%	40%	40%
<b>Income Tax Liability 2 Dependents</b>	<b>\$1,070,670</b>	<b>\$1,057,567</b>	<b>\$1,064,571</b>
Child Tax Credit	0	0	0
<b>Income Tax Liability After Credit</b>	<b>\$1,070,670</b>	<b>\$1,057,567</b>	<b>\$1,064,571</b>

Standard Deduction Scenario			
	Tax Code and Jobs Act		
	Single	Joint	Head of Household
Average AGI	\$2,821,630	\$2,821,630	\$2,821,630
Standard Deduction	(12,000)	(24,000)	(18,000)
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,809,630</b>	<b>\$2,797,630</b>	<b>\$2,803,630</b>
Applicable Tax Bracket	37%	37%	37%
<b>Income Tax Liability 0 Dependents</b>	<b>\$1,005,253</b>	<b>\$974,502</b>	<b>\$1,001,641</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,809,630</b>	<b>\$2,797,630</b>	<b>\$2,803,630</b>
Applicable Tax Bracket	37%	37%	37%
<b>Income Tax Liability 1 Dependent</b>	<b>\$1,005,253</b>	<b>\$974,502</b>	<b>\$1,001,641</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$1,005,253</b>	<b>\$974,502</b>	<b>\$1,001,641</b>
Effects of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,809,630</b>	<b>\$2,797,630</b>	<b>\$2,803,630</b>
Applicable Tax Bracket	37%	37%	37%
<b>Income Tax Liability 1 Dependent</b>	<b>\$1,005,253</b>	<b>\$974,502</b>	<b>\$1,001,641</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$1,005,253</b>	<b>\$974,502</b>	<b>\$1,001,641</b>

Itemized Deduction Scenario			
	Old Code		
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$2,821,630</b>	<b>\$2,821,630</b>	<b>\$2,821,630</b>
Personal Exemption	0	0	0
State and Local Income Taxes	(272,192)	(272,192)	(272,192)
State and Local General Sales Taxes	(3,833)	(3,833)	(3,833)
Real Estate Taxes	(16,098)	(16,098)	(16,098)
Home Mortgage Interest Paid	(24,433)	(24,433)	(24,433)
Charitable Contributions	(134,361)	(134,361)	(134,361)
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,370,713</b>	<b>\$2,370,713</b>	<b>\$2,370,713</b>
Applicable Tax Rate	40%	40%	40%
<b>Income Tax Liability 0 Dependents</b>	<b>\$894,621</b>	<b>\$884,033</b>	<b>\$889,730</b>
Effect of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,370,713</b>	<b>\$2,370,713</b>	<b>\$2,370,713</b>
1 Dependent Personal Exemption	0	0	0
<b>Taxable Income After Dependent Exemption</b>	<b>\$2,370,713</b>	<b>\$2,370,713</b>	<b>\$2,370,713</b>
Applicable Tax Rate	40%	40%	40%
<b>Income Tax Liability 1 Dependent</b>	<b>\$894,621</b>	<b>\$884,033</b>	<b>\$889,730</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$894,621</b>	<b>\$884,033</b>	<b>\$889,730</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,370,713</b>	<b>\$2,370,713</b>	<b>\$2,370,713</b>
2 Dependent Personal Exemption	0	0	0
<b>Taxable Income After Dependent Exemption</b>	<b>\$2,370,713</b>	<b>\$2,370,713</b>	<b>\$2,370,713</b>
Applicable Tax Rate	40%	40%	40%
<b>Income Tax Liability 2 Dependents</b>	<b>\$894,621</b>	<b>\$884,033</b>	<b>\$889,730</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$894,621</b>	<b>\$884,033</b>	<b>\$889,730</b>

Itemized Deduction Scenario			
	Tax Code and Jobs Act		
	Single	Joint	Head of Household
<b>Average AGI</b>	<b>\$2,821,630</b>	<b>\$2,821,630</b>	<b>\$2,821,630</b>
Total State and Local Taxes	(\$10,000)	(\$10,000)	(\$10,000)
Home Mortgage Interest Paid	(\$24,433)	(\$24,433)	(\$24,433)
Charitable Contributions	(\$134,361)	(\$134,361)	(\$134,361)
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,652,836</b>	<b>\$2,652,836</b>	<b>\$2,652,836</b>
Applicable Tax Rate	37%	37%	37%
<b>Income Tax Liability 0 Dependents</b>	<b>\$947,239</b>	<b>\$920,928</b>	<b>\$945,847</b>
Effects of 1 Dependent			
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,652,836</b>	<b>\$2,652,836</b>	<b>\$2,652,836</b>
Applicable Tax Rate	37%	37%	37%
<b>Income Tax Liability 1 Dependent</b>	<b>\$947,239</b>	<b>\$920,928</b>	<b>\$945,847</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$947,239</b>	<b>\$920,928</b>	<b>\$945,847</b>
Effect of 2 Dependents			
<b>Taxable Income Before Dependent Credits</b>	<b>\$2,652,836</b>	<b>\$2,652,836</b>	<b>\$2,652,836</b>
Applicable Tax Rate	37%	37%	37%
<b>Income Tax Liability 1 Dependent</b>	<b>\$947,239</b>	<b>\$920,928</b>	<b>\$945,847</b>
Child Tax Credit	0	0	0
<b>Income Tax After Credit</b>	<b>\$947,239</b>	<b>\$920,928</b>	<b>\$945,847</b>

**Standard Deduction Scenario (\$1,000,000 +)** : The TCJA reduces the tax liability of standard filers in this bracket by a weighted average of \$79,399 or 7.5 percent across the 3 categories.



## Appendix J: Weighted Average Calculations

Overall Change in Tax Liability by Income Bracket			
Income ('AGI') Bracket	Standard Deduction (Weighted Average)	Itemized Deduction (Weighted Average)	Overall Bracket Impact (Weighted Average) <sup>1</sup>
\$0 to under \$10,000	-\$1,182	-\$1,182	-\$1,182
\$10,000 to under \$25,000 <sup>2</sup>	-\$539	-\$349	-\$525
\$25,000 to under \$50,000 <sup>2</sup>	-\$1,066	-\$32	-\$857
\$50,000 to under \$75,000 <sup>2</sup>	-\$1,601	-\$215	-\$1,102
\$75,000 to under \$100,000	-\$2,506	-\$162	-\$1,238
\$100,000 to under \$200,000	-\$4,718	-\$1,374	-\$2,220
\$200,000 to under \$500,000	-\$9,754	-\$1,029	-\$1,587
\$500,000 to under \$1,000,000	-\$23,905	\$3,824	\$2,438
\$1,000,000 and up	-\$79,399	\$40,158	\$33,941
Footnotes:			
<sup>1</sup> The average tax liability impact per income bracket was calculated by weighting impacts by filing status (ie. 'joint', 'single') and then weighting on the proportion of standard vs itemized filings within the bracket (see 'Methodology' and 'Appendix' for greater detail).			
<sup>2</sup> The combination of the doubling of the standard deduction and the loss of personal exemptions will likely result in an increase in the proportion standard filings within this bracket.			

## Appendix K: *State and Local Tax Deduction Calculations*

<b>Impact of the State and Local Tax Deduction Cap on Hawaii Individual Taxpayers</b>		
<b>Income ('AGI') Bracket</b>	<b>Average SALT Deduction</b>	<b>Average Loss of Deduction</b>
\$0 to under \$10,000	N/A	N/A
\$10,000 to under \$25,000 <sup>2</sup>	\$1,887	N/A
\$25,000 to under \$50,000 <sup>2</sup>	\$2,478	N/A
\$50,000 to under \$75,000 <sup>2</sup>	\$3,830	N/A
\$75,000 to under \$100,000	\$5,283	N/A
\$100,000 to under \$200,000	\$8,367	N/A
\$200,000 to under \$500,000	\$19,392	\$9,392
\$500,000 to under \$1,000,000	\$58,034	\$48,034
\$1,000,000 and up	\$272,192	\$262,192

## Appendix L: Distribution of Hawaii Tax Returns vs U.S. Distribution

Income ('AGI') Bracket	No. of Hawaii Returns	No. of U.S. Returns
Under \$1	11,920	2,141,730
\$1 to under \$10,000	92,030	21,643,870
\$10,000 to under \$25,000	130,840	32,931,980
\$25,000 to under \$50,000	177,520	35,077,110
\$50,000 to under \$75,000	99,590	19,944,460
\$75,000 to under \$100,000	64,480	12,925,290
\$100,000 to under \$200,000	89,260	18,339,660
\$200,000 to under \$500,000	19,600	5,419,600
\$500,000 to under \$1,000,000	2,380	864,920
\$1,000,000 and up	960	438,370
<b>Total</b>	<b>688,580</b>	<b>149,726,990</b>

Income ('AGI') Bracket	Percent of Hawaii Returns	Percent of U.S. Returns
Under \$1	1.7%	1.4%
\$1 to under \$10,000	13.4%	14.5%
\$10,000 to under \$25,000	19.0%	22.0%
\$25,000 to under \$50,000	25.8%	23.4%
\$50,000 to under \$75,000	14.5%	13.3%
\$75,000 to under \$100,000	9.4%	8.6%
\$100,000 to under \$200,000	13.0%	12.2%
\$200,000 to under \$500,000	2.8%	3.6%
\$500,000 to under \$1,000,000	0.3%	0.6%
\$1,000,000 and up	0.1%	0.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>