

# REVENUE ESTIMATES, STATISTICAL ANALYSIS, AND BACKGROUND RESEARCH : HAWAI'I STANDARD DEDUCTION AND PERSONAL EXEMPTIONS

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# INDIVIDUAL INCOME TAX BASICS

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- **Hawai'i Individual Income Tax (IIT) Returns:**
  - Form N-11: Residents
  - Form N-15: Part-year residents, nonresidents, nonresident aliens, dual-status aliens, composites (payments made on behalf of nonresident shareholders of an S corporation, nonresident partners of a partnership, and nonresident members of a limited liability company or limited liability partnership) (Nonresidents, henceforth)

# INDIVIDUAL INCOME TAX BASICS (CONT.)

- **Federal Adjusted Gross Income (FAGI): Starting Point**
  - **MINUS** Hawai'i Subtractions  
(mainly Exempt Pensions and Social Security Benefits)
  - **PLUS** Hawai'i additions  
(mainly taxed Employees' Retirement System (ERS) contributions)

**EQUALS**

- **Hawai'i Adjusted Gross Income (HAGI)**

# INDIVIDUAL INCOME TAX BASICS (CONT.)

- **Hawai'i Adjusted Gross Income (HAGI)**
  - **MINUS** Total Deductions  
(Itemized or Standard)
  - **MINUS** Exemptions  
(Personal+Dependent+Age or Disability)

**EQUALS**
- **Taxable Income**
  - **TIMES** Applicable Tax Rate

**EQUALS**
- **Tax Before Credits**
  - **MINUS** Tax Credits

**EQUALS**
- **Tax After Credits**

# Changes in Hawai'i's Standard Deduction Amounts Over Time

Filing Status	1982	1987	1989	2007	2013
Married Filing Jointly	\$1,000	\$1,700	\$1,900	\$4,000	\$4,400
Single	\$800	\$1,000	\$1,500	\$2,000	\$2,200
Married Filing Separately	\$500	\$850	\$950	\$2,000	\$2,200
Head of Household	\$800	\$1,500	\$1,650	\$2,920	\$3,212

## Hawai'i Standard Deduction

1982-2013 Average Growth Rate 4.90%

**1982-2013 Average Inflation Rate 3.12%**

1982-2020 Average Growth Rate 3.98%

**1982-2020 Average Inflation Rate 2.63%**

- **Rate of Change in US-CPI 2013-2020: 11%**



# Changes in Federal Standard Deduction Amounts Over Time

Filing Status	2013	2014	2015	2016	2017	2018	2019	2020
Married Filing Jointly	\$12,200	\$12,400	\$12,600	\$12,600	\$12,700	\$24,000	\$24,400	\$24,800
Single	\$6,100	\$6,200	\$6,300	\$6,300	\$6,350	\$12,000	\$12,200	\$12,400
Married Filing Separately	\$6,100	\$6,200	\$6,300	\$6,300	\$6,350	\$12,000	\$12,200	\$12,400
Head of Household	\$8,950	\$9,100	\$9,250	\$9,300	\$9,350	\$18,000	\$18,350	\$18,650

## Federal Standard Deduction

2013-2017 Average Growth Rate	1.01%
<b>2013-2017 Average Inflation Rate</b>	<b>1.28%</b>
2018-2020 Average Growth Rate	1.65%
<b>2018-2020 Average Inflation Rate</b>	<b>1.52%</b>
2013-2020 Average Growth Rate	10.67%
<b>2013-2020 Average Inflation Rate</b>	<b>1.51%</b>

# Changes in Hawai'i's Personal Exemptions Multiplier Over Time

## Changes in Hawaii's Personal Exemptions Multiplier Over Time

	1985	2013
Regular personal exemption	\$1,040	\$1,144

### Hawai'i Personal Exemptions

1985-2013 Average Growth Rate 0.34%

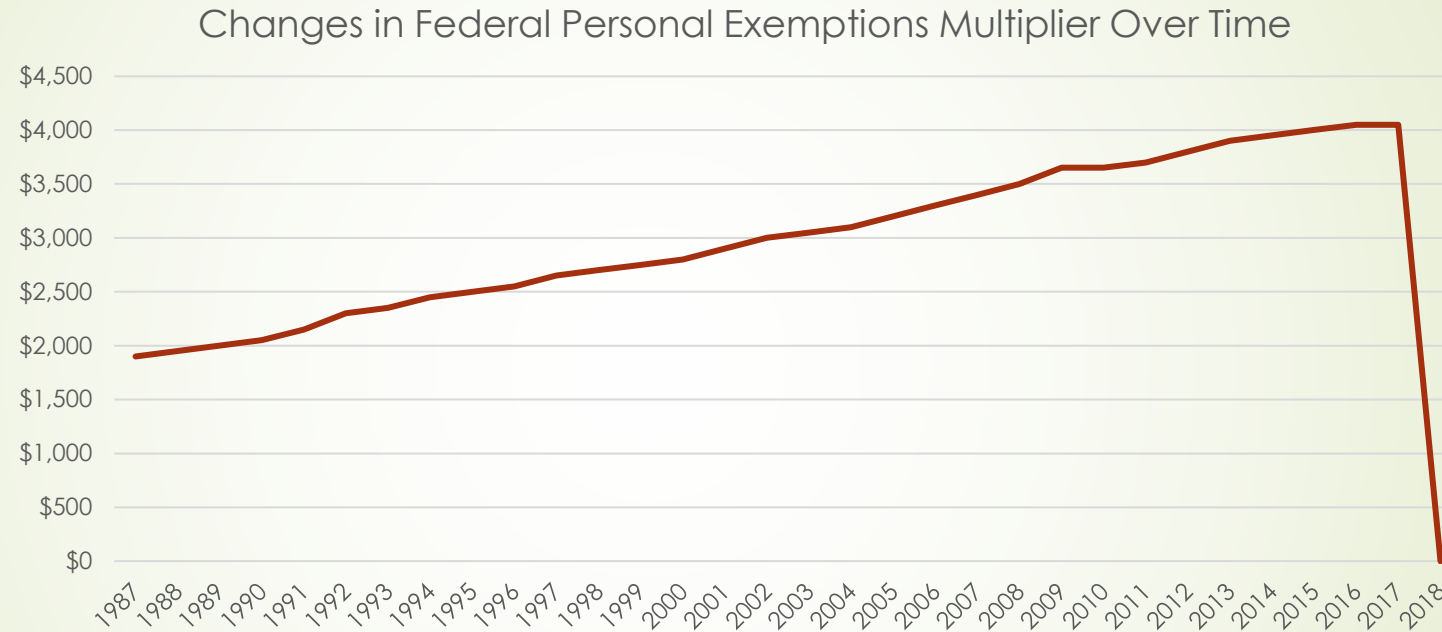
**1985-2013 Average Inflation Rate 2.80%**

1985-2020 Average Growth Rate 0.27%

**1985-2020 Average Inflation Rate 2.54%**



# Federal Personal Exemptions



## Federal Personal Exemptions

1987-2017 Average Growth Rate 2.55%

**1987-2017 Average Inflation Rate 2.60%**

### Hawai'i versus Federal Standard Deduction Amounts (Joint Filers)

	1982	1987	1989	2007	2013
Hawai'i	\$1,000	\$1,700	\$1,900	\$4,000	\$4,400
Federal	\$3,400	\$3,760	\$5,200	\$10,700	\$12,200
Ratio	29.41%	45.21%	36.54%	37.38%	36.07%

	2013	2017	2020
Hawai'i	\$4,400	\$4,580	\$8,944
Federal	\$12,200	\$12,700	\$24,800
Ratio	36.07%	36.07%	36.07%

# Federal Standard Deduction Amounts Over Time and Policy Experiments

Filing Status	2013	2014	2015	2016	2017	2018	2019	2020
Married Filing Jointly	\$12,200	\$12,400	\$12,600	\$12,600	\$12,700	\$24,000	\$24,400	\$24,800
Single	\$6,100	\$6,200	\$6,300	\$6,300	\$6,350	\$12,000	\$12,200	\$12,400
Married Filing Separately	\$6,100	\$6,200	\$6,300	\$6,300	\$6,350	\$12,000	\$12,200	\$12,400
Head of Household	\$8,950	\$9,100	\$9,250	\$9,300	\$9,350	\$18,000	\$18,350	\$18,650

	Rate Since 2013	Doubling Standard Deduction Amounts	Tripling Standard Deduction Amounts	5x Standard Deduction Amounts and No Exemptions
<b>Joint</b>	\$4,400	\$8,800	\$13,200	\$22,000
<b>Single</b>	\$2,200	\$4,400	\$6,600	\$11,000
<b>HH</b>	\$3,212	\$6,424	\$9,636	\$16,060

# ANATOMY OF MICROSIMULATIONS WITH IIT FOR POLICY EXPERIMENTS

1. Hawai'i Individual Income Tax (IIT) Returns: Residents (N-11) and "Nonresidents" (N-15)
2. Taxable Income = HAGI – Deductions – Exemptions
3. Apply Tax Table (with 12 brackets: 1.4% to 11% marginal tax rates) and/or Net Long-Term Capital Gains Tax (7.25%)
4. EQUALS Synthetic Tax Before Credits
5. (Tax Before Credits – Nonrefundable Tax Credits). If  $<0$ , replace with 0.
6. MINUS Refundable Tax Credits =  
**SYNTHETIC TAX LIABILITY AFTER TAX CREDITS**
7. Do same for 651,893 residents and 102,492 nonresidents (excluding composites and missing filing status)

# ANATOMY OF MICROSIMULATIONS FOR STANDARD DEDUCTION AMOUNT CHANGE

1. Hawai'i Individual Income Tax (IIT) Returns: Residents (N-11) and "Nonresidents" (N-15)
2. **NEW** Taxable Income = HAGI – **NEW** Deductions – Exemptions  
where  
**NEW** Deductions =  
Max(**NEW** Standard Deduction, Allowable Itemized Deductions)
3. Apply Taxes (from Table) and/or Capital Gains Tax (7.25%)
4. EQUALS **Counterfactual Tax Before Credits**
5. (Counterfactual Tax Before Credits – Nonrefundable Tax Credits). If <0, replace with 0.
6. MINUS Refundable Tax Credits =  
**COUNTERFACTUAL TAX LIABILITY AFTER TAX CREDITS**
7. Do same for ALL residents and nonresidents.

# ANATOMY OF MICROSIMULATIONS WITH IIT FOR POLICY EXPERIMENTS (CONT.)

- REVENUE IMPACT =  
SUM(COUNTERFACTUAL TAX LIABILITY AFTER TAX CREDITS)  
– SUM(SYNTHETIC TAX LIABILITY AFTER TAX CREDITS)  
(sum for all 651,893 residents and 102,492 nonresidents)

## Strengths:

- Precise estimates using the whole population of the data (no sampling error)
- Detailed down to each individual taxpayer level
- Powerful statistical analysis of the revenue impact (tax burden) at the individual level
  - Can be summarized by tax brackets, income groups, filing status and so on.



# POLICY EXPERIMENT 1: DOUBLING THE STANDARD DEDUCTION AMOUNTS

Doubling Standard Deduction Amounts			If Inflation Indexed					
	Rate Since 2013	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
<b>Joint</b>	\$4,400	\$8,800	\$9,013	\$9,229	\$9,450	\$9,664	\$9,876	\$10,088
<b>Single</b>	\$2,200	\$4,400	\$4,506	\$4,615	\$4,725	\$4,832	\$4,938	\$5,044
<b>HH</b>	\$3,212	\$6,424	\$6,579	\$6,737	\$6,898	\$7,055	\$7,209	\$7,364
<b>Dependent</b>	Max(\$500, earned	Max(\$1000, earned income up to filing status limit)						

**Notes:** 1. Single: Single Taxpayers and Married Filing Separate Returns

2. Joint: Married Filing Joint Returns and Qualifying Widow(er)s

3. HH: Head of Household

4. For nonresidents, Prorated Standard Deduction = AGI Ratio x Standard Deduction Rate

Filing Status	2013	2014	2015	2016	2017	2018	2019	2020
Married Filing Jointly	\$12,200	\$12,400	\$12,600	\$12,600	\$12,700	\$24,000	\$24,400	\$24,800
Single	\$6,100	\$6,200	\$6,300	\$6,300	\$6,350	\$12,000	\$12,200	\$12,400
Married Filing Separately	\$6,100	\$6,200	\$6,300	\$6,300	\$6,350	\$12,000	\$12,200	\$12,400
Head of Household	\$8,950	\$9,100	\$9,250	\$9,300	\$9,350	\$18,000	\$18,350	\$18,650

# POLICY EXPERIMENT 1: DOUBLING THE STANDARD DEDUCTION AMOUNTS (CONT.)

TAX YEAR 2019 DATA**				
	Residents	Nonresidents	TOTAL	
Synthetic Tax Liability After Credits*	\$2,294,443,507	\$153,811,298	\$2,448,254,805	
Counterfactual Tax Liability After Credits*	\$2,247,194,561	\$151,018,122	\$2,398,212,683	Revenue Loss (%)
Revenue Impact	-\$47,248,946	-\$2,793,176	-\$50,042,122	-2.04%

\* With Tax Credit Adjustments and Capital Gains Tax Considerations

\*\* Excludes composite nonresident returns and returns with missing filing status

Fiscal Year	TPI Growth Rate <sup>a</sup>	HI CPI Inf	Revenue Impact Inflation Indexed <sup>b</sup>	Revenue Impact Not Indexed
2020	5.83%	1.42%	-\$50,042,122	-\$50,042,122
2021 (Forecast) <sup>c</sup>	2.34%	1.62%	-\$51,213,108	-\$51,213,108
2022 (Forecast) <sup>c</sup>	0.63%	2.42%	-\$52,370,629	-\$51,535,750
2023 (Forecast) <sup>c</sup>	3.82%	2.40%	-\$55,686,970	-\$53,504,416
2024 (Forecast) <sup>c</sup>	4.10%	2.39%	-\$59,361,419	-\$55,698,097
2025 (Forecast) <sup>c</sup>	4.00%	2.27%	-\$63,211,363	-\$57,926,021
2026 (Forecast) <sup>c</sup>	3.81%	2.19%	-\$67,109,284	-\$60,133,002
2027 (Forecast) <sup>c</sup>	3.76%	2.15%	-\$71,157,547	-\$62,394,003

<sup>a</sup> Individual Income Tax revenues are estimated to grow at annual TPI growth rate.

<sup>b</sup> The standard deduction amount changes are assumed to be tied to Urban Hawaii CPI inflation (CPI-U) from previous year.

<sup>c</sup> Forecast from Council on Revenues meeting on 05/25/2021, Mean Forecast of the Council Members (Table 3)

# POLICY EXPERIMENT 1: DOUBLING THE STANDARD DEDUCTION AMOUNTS (CONT.)

Doubling Standard Deduction Amounts		
	Revenue Impact (\$M)	Revenue Loss (%)
Tax Year 2019	-\$50.04	-2.04%
<i>Not Inflation Indexed</i>		
FY 2023-2027 Average	-\$57.93	
FY 2023-2027 Total	-\$289.66	
<i>Inflation Indexed</i>		
FY 2023-2027 Average	-\$63.31	
FY 2023-2027 Total	-\$316.53	

Doubling Standard Deduction Amounts			If Inflation Indexed					
	Rate Since 2013	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Joint	\$4,400	\$8,800	\$9,013	\$9,229	\$9,450	\$9,664	\$9,876	\$10,088
Single	\$2,200	\$4,400	\$4,506	\$4,615	\$4,725	\$4,832	\$4,938	\$5,044
HH	\$3,212	\$6,424	\$6,579	\$6,737	\$6,898	\$7,055	\$7,209	\$7,364

# POLICY EXPERIMENT 2: TRIPLING THE STANDARD DEDUCTION AMOUNTS

Tripling Standard Deduction Amounts			If Inflation Indexed					
HAWAII	Rate Since 2013	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Joint	\$4,400	\$13,200	\$13,519	\$13,844	\$14,175	\$14,497	\$14,814	\$15,133
Single	\$2,200	\$6,600	\$6,760	\$6,922	\$7,087	\$7,248	\$7,407	\$7,566
HH	\$3,212	\$9,636	\$9,869	\$10,106	\$10,348	\$10,582	\$10,814	\$11,047
Dependent	Max(\$500,earned	Max(\$1500,earned income up to filing status limit)						

Filing Status	2013	2014	2015	2016	2017	2018	2019	2020
Married Filing Jointly	\$12,200	\$12,400	\$12,600	\$12,600	\$12,700	\$24,000	\$24,400	\$24,800
Single	\$6,100	\$6,200	\$6,300	\$6,300	\$6,350	\$12,000	\$12,200	\$12,400
Married Filing Separately	\$6,100	\$6,200	\$6,300	\$6,300	\$6,350	\$12,000	\$12,200	\$12,400
Head of Household	\$8,950	\$9,100	\$9,250	\$9,300	\$9,350	\$18,000	\$18,350	\$18,650

# POLICY EXPERIMENT 2: TRIPLING THE STANDARD DEDUCTION AMOUNTS (CONT.)

Tripling Standard Deduction Amounts		
	Revenue Impact (\$M)	Revenue Loss (%)
Tax Year 2019	-\$113.99	-4.66%
<i>Not Inflation Indexed</i>		
FY 2023-2027 Average	-\$131.96	
FY 2023-2027 Total	-\$659.81	
<i>Inflation Indexed</i>		
FY 2023-2027 Average	-\$144.20	
FY 2023-2027 Total	-\$721.02	

Tripling Standard Deduction Amounts			If Inflation Indexed					
HAWAII	Rate Since 2013	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Joint	\$4,400	\$13,200	\$13,519	\$13,844	\$14,175	\$14,497	\$14,814	\$15,133
Single	\$2,200	\$6,600	\$6,760	\$6,922	\$7,087	\$7,248	\$7,407	\$7,566
HH	\$3,212	\$9,636	\$9,869	\$10,106	\$10,348	\$10,582	\$10,814	\$11,047
Dependent	Max(\$500,earned	Max(\$1500,earned income up to filing status limit)						



# POLICY EXPERIMENT 3: INCREASING THE STANDARD DEDUCTION AMOUNTS FIVEFOLD + NO EXEMPTIONS\*

\*BUT additional \$1,300 (\$1,650 for single/HH) standard deduction per old age/disability status of self/spouse

5x Standard Deduction + No Exemptions*			If Inflation Indexed					
HAWAII	Rate Since 2013	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Joint	\$4,400	\$22,000	\$22,532	\$23,073	\$23,625	\$24,161	\$24,690	\$25,221
Single	\$2,200	\$11,000	\$11,266	\$11,537	\$11,812	\$12,080	\$12,345	\$12,610
HH	\$3,212	\$16,060	\$16,449	\$16,843	\$17,246	\$17,637	\$18,024	\$18,411
Dependent	Max(\$500,earned	Max(\$2500,earned income up to filing status limit)						

Filing Status	2013	2014	2015	2016	2017	2018	2019	2020
Married Filing Jointly	\$12,200	\$12,400	\$12,600	\$12,600	\$12,700	\$24,000	\$24,400	\$24,800
Single	\$6,100	\$6,200	\$6,300	\$6,300	\$6,350	\$12,000	\$12,200	\$12,400
Married Filing Separately	\$6,100	\$6,200	\$6,300	\$6,300	\$6,350	\$12,000	\$12,200	\$12,400
Head of Household	\$8,950	\$9,100	\$9,250	\$9,300	\$9,350	\$18,000	\$18,350	\$18,650



# POLICY EXPERIMENT 3: INCREASING THE STANDARD DEDUCTION AMOUNTS FIVEFOLD + NO EXEMPTIONS\*

5x Standard Deduction Amounts and No Exemptions*		
	Revenue Impact (\$M)	Revenue Loss (%)
<b>Tax Year 2019</b>	<b>-\$184.13</b>	<b>-7.52%</b>
<b><i>Not Inflation Indexed</i></b>		
<b>FY 2023-2027 Average</b>	-\$213.16	
<b>FY 2023-2027 Total</b>	-\$1,065.81	
<b><i>Inflation Indexed</i></b>		
<b>FY 2023-2027 Average</b>	-\$232.94	
<b>FY 2023-2027 Total</b>	-\$1,164.68	

\*BUT additional \$1,300 (\$1,650 for single/HH) standard deduction per old age/disability status of self/spouse

5x Standard Deduction + No Exemptions*			If Inflation Indexed					
HAWAII	Rate Since 2013	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Joint	\$4,400	\$22,000	\$22,532	\$23,073	\$23,625	\$24,161	\$24,690	\$25,221
Single	\$2,200	\$11,000	\$11,266	\$11,537	\$11,812	\$12,080	\$12,345	\$12,610
HH	\$3,212	\$16,060	\$16,449	\$16,843	\$17,246	\$17,637	\$18,024	\$18,411
Dependent	Max(\$500, earned	Max(\$2500, earned income up to filing status limit)						

# POLICY EXPERIMENT 4: INDEXING THE STANDARD DEDUCTION AMOUNTS TO HAWAI'I INFLATION

Indexing Standard Deduction to HI CPI Inflation		
	Revenue Impact (\$M)	Revenue Loss (%)
<b>Tax Year 2019</b>	-\$3.53	-0.14%
<b>FY 2023-2027 Average</b>	-\$4.46	
<b>FY 2023-2027 Total</b>	-\$22.31	

Indexing Standard Deduction to HI Inflation			If Inflation Indexed					
HAWAII	Rate Since 2013	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
<b>Joint</b>	\$4,400	\$4,471	\$4,579	\$4,689	\$4,801	\$4,910	\$5,018	\$5,126
<b>Single</b>	\$2,200	\$2,236	\$2,290	\$2,345	\$2,401	\$2,455	\$2,509	\$2,563
<b>HH</b>	\$3,212	\$3,264	\$3,343	\$3,423	\$3,505	\$3,585	\$3,663	\$3,742

# HAWAI'I INDIVIDUAL INCOME TAX BRACKETS - 2019

Tax Bracket	Marginal Tax Rate	Taxable Income											
		Single and Married Filing Separately				Married Filing Jointly and Qualifying Widow(er)				Head of Household			
1	1.40%		Not	over	\$2,400		Not	over	\$4,800		Not	over	\$3,600
2	3.20%	Over	\$2,400	to	\$4,800	Over	\$4,800	to	\$9,600	Over	\$3,600	to	\$7,200
3	5.50%	Over	\$4,800	to	\$9,600	Over	\$9,600	to	\$19,200	Over	\$7,200	to	\$14,400
4	6.40%	Over	\$9,600	to	\$14,400	Over	\$19,200	to	\$28,800	Over	\$14,400	to	\$21,600
5	6.80%	Over	\$14,400	to	\$19,200	Over	\$28,800	to	\$38,400	Over	\$21,600	to	\$28,800
6	7.20%	Over	\$19,200	to	\$24,000	Over	\$38,400	to	\$48,000	Over	\$28,800	to	\$36,000
7	7.60%	Over	\$24,000	to	\$36,000	Over	\$48,000	to	\$72,000	Over	\$36,000	to	\$54,000
8	7.90%	Over	\$36,000	to	\$48,000	Over	\$72,000	to	\$96,000	Over	\$54,000	to	\$72,000
9	8.25%	Over	\$48,000	to	\$150,000	Over	\$96,000	to	\$300,000	Over	\$72,000	to	\$225,000
10	9.00%	Over	\$150,000	to	\$175,000	Over	\$300,000	to	\$350,000	Over	\$225,000	to	\$262,500
11	10.00%	Over	\$175,000	to	\$200,000	Over	\$350,000	to	\$400,000	Over	\$262,500	to	\$300,000
12	11.00%			Over	\$200,000			Over	\$400,000			Over	\$300,000

- **Marginal tax rates** are the applicable tax rates paid on an additional dollar of income.
- While the first dollar earned is taxed at the rate for the lowest tax bracket, the last dollar earned is taxed at the rate of the highest bracket for one's total taxable income, and all the taxable income in between is taxed at the rate for the range into which it falls.

# RESIDENT NET TAX LIABILITY STATISTICS BY TAX BRACKETS - TAX YEAR 2019

Tax Bracket	Marginal Tax Rate	No. of Returns	% of Total	Net Tax Liab. (\$M)	% of Total
1	1.40%	130,581	20.0%	-\$17	-0.7%
2	3.20%	26,305	4.0%	-\$1	0.0%
3	5.50%	48,499	7.4%	\$7	0.3%
4	6.40%	45,737	7.0%	\$22	1.0%
5	6.80%	45,811	7.0%	\$44	1.9%
6	7.20%	44,325	6.8%	\$67	2.9%
7	7.60%	98,751	15.1%	\$241	10.5%
8	7.90%	75,094	11.5%	\$286	12.5%
9	8.25%	123,792	19.0%	\$927	40.4%
10	9.00%	3,306	0.5%	\$62	2.7%
11	10.00%	2,089	0.3%	\$47	2.0%
12	11.00%	7,603	1.2%	\$610	26.6%
		<b>651,893</b>	<b>100.0%</b>	<b>\$2,294</b>	<b>100.0%</b>

- The majority of resident taxpayers are in the 1.40% tax bracket, followed by the 8.25% tax bracket who carry 40.4% of the total tax burden of residents

# HAWAI'I INDIVIDUAL INCOME TAX BRACKETS - 2019

Tax Bracket	Marginal Tax Rate	Taxable Income											
		Single and Married Filing Separately				Married Filing Jointly and Qualifying Widow(er)				Head of Household			
1	1.40%		Not	over	\$2,400		Not	over	\$4,800		Not	over	\$3,600
2	3.20%	Over	\$2,400	to	\$4,800	Over	\$4,800	to	\$9,600	Over	\$3,600	to	\$7,200
3	5.50%	Over	\$4,800	to	\$9,600	Over	\$9,600	to	\$19,200	Over	\$7,200	to	\$14,400
4	6.40%	Over	\$9,600	to	\$14,400	Over	\$19,200	to	\$28,800	Over	\$14,400	to	\$21,600
5	6.80%	Over	\$14,400	to	\$19,200	Over	\$28,800	to	\$38,400	Over	\$21,600	to	\$28,800
6	7.20%	Over	\$19,200	to	\$24,000	Over	\$38,400	to	\$48,000	Over	\$28,800	to	\$36,000
7	7.60%	Over	\$24,000	to	\$36,000	Over	\$48,000	to	\$72,000	Over	\$36,000	to	\$54,000
8	7.90%	Over	\$36,000	to	\$48,000	Over	\$72,000	to	\$96,000	Over	\$54,000	to	\$72,000
9	8.25%	Over	\$48,000	to	\$150,000	Over	\$96,000	to	\$300,000	Over	\$72,000	to	\$225,000
10	9.00%	Over	\$150,000	to	\$175,000	Over	\$300,000	to	\$350,000	Over	\$225,000	to	\$262,500
11	10.00%	Over	\$175,000	to	\$200,000	Over	\$350,000	to	\$400,000	Over	\$262,500	to	\$300,000
12	11.00%			Over	\$200,000			Over	\$400,000			Over	\$300,000



# RESIDENT NET TAX LIABILITY STATISTICS BY FEDERAL AGI CLASS - TAX YEAR 2019

Federal AGI Class			No. of Returns	% of Total	Net Tax Liab. (\$M)	% of Total
Less	than	\$0	7,884	1.2%	-\$1	-0.1%
\$0	to under	\$10,000	91,452	14.0%	-\$7	-0.3%
\$10,000	to under	\$20,000	69,819	10.7%	\$14	0.6%
\$20,000	"	\$30,000	68,944	10.6%	\$47	2.0%
\$30,000	"	\$40,000	66,147	10.1%	\$86	3.7%
\$40,000	"	\$50,000	55,672	8.5%	\$106	4.6%
\$50,000	"	\$75,000	98,291	15.1%	\$261	11.4%
\$75,000	"	\$100,000	63,310	9.7%	\$233	10.1%
\$100,000	"	\$150,000	71,042	10.9%	\$381	16.6%
\$150,000	"	\$200,000	29,416	4.5%	\$239	10.4%
\$200,000	"	\$300,000	17,744	2.7%	\$232	10.1%
\$300,000	"	\$400,000	5,501	0.8%	\$114	5.0%
\$400,000	and	over	6,671	1.0%	\$589	25.7%
TOTAL			651,893	100%	\$2,294	100%

- The majority of resident taxpayers are in the \$50,000 to \$75,000 income (Federal AGI) range
- Top 1% of resident taxpayers carry 25.7% of the total tax burden of residents



# RESIDENT NET TAX LIABILITY STATISTICS BY FILING STATUS- TAX YEAR 2019

Filing Status	No. of Returns	% of Total	Net Tax Liability (\$M)	% of Total
Married Filing Jointly	222,585	34.1%	\$1,417	61.8%
Single	342,771	52.6%	\$664	28.9%
Married Filing Separately	15,650	2.4%	\$63	2.8%
Head of Household	70,490	10.8%	\$149	6.5%
Qualifying Widow(er)	397	0.1%	\$0.73	0.0%
	<b>651,893</b>	<b>100.0%</b>	<b>\$2,294</b>	<b>100.0%</b>

- The majority of resident taxpayers have single filing status
- Joint resident filers carry 61.8% of the total tax burden of residents

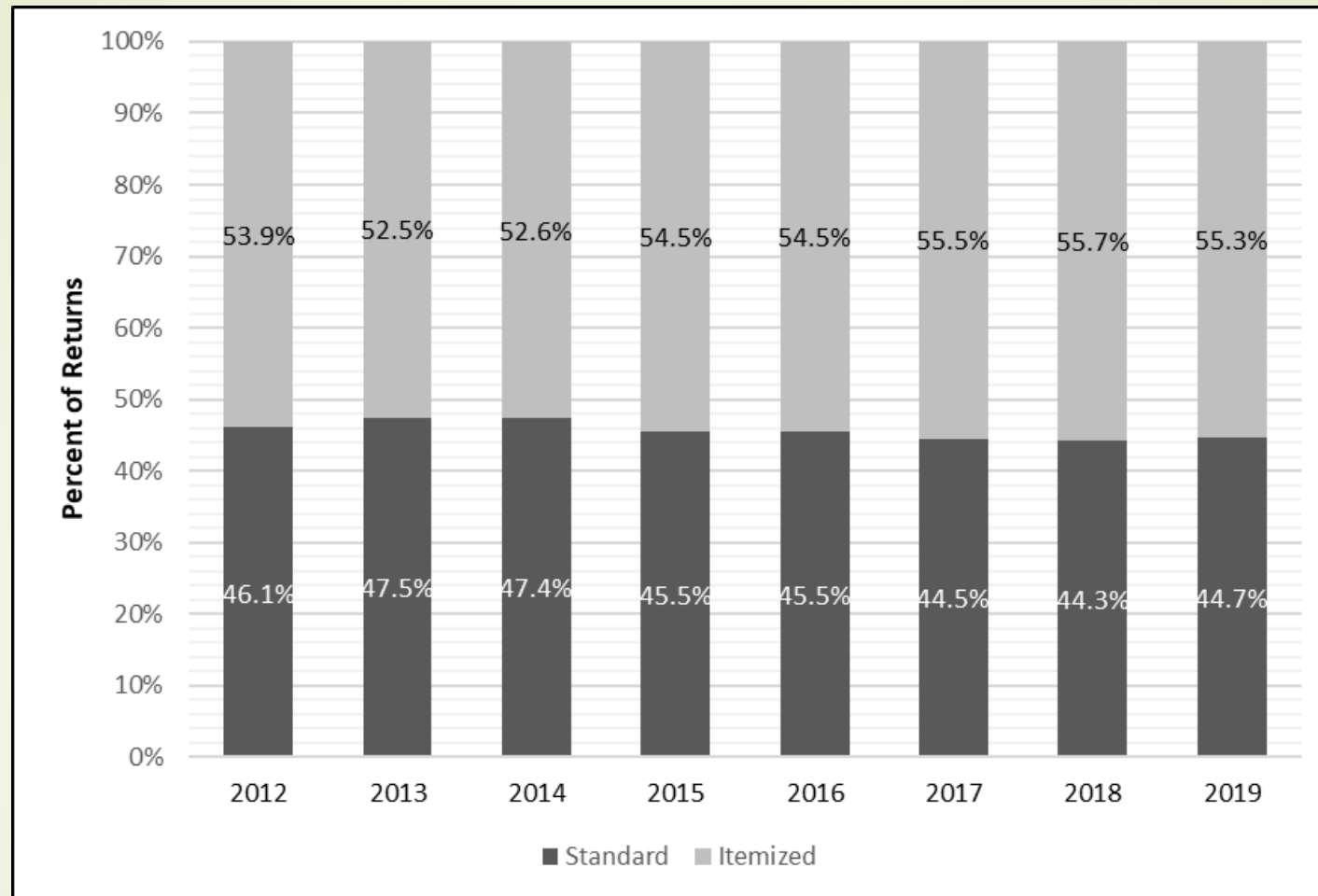
# TYPES OF DEDUCTIONS BY HAWAII ADJUSTED GROSS INCOME (AGI) CLASS - 2019

(Dollar amounts are in millions)

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Hawaii AGI CLASS			Total Allowable Itemized Deductions				Standard Deductions			
			Number	% of Total	Amount	% of Total	Number	% of Total	Amount	% of Total
<b>TAXABLE RESIDENT RETURNS</b>										
\$0	to under	\$10,000	2,445	0.8%	\$9	0.2%	43,332	18.4%	\$97	14.9%
\$10,000	"	\$20,000	10,376	3.3%	\$69	1.3%	56,408	24.0%	\$147	22.5%
\$20,000	"	\$30,000	15,490	4.9%	\$134	2.6%	53,001	22.5%	\$142	21.7%
\$30,000	"	\$40,000	29,931	9.5%	\$224	4.3%	35,951	15.3%	\$104	15.9%
\$40,000	"	\$50,000	38,324	12.2%	\$289	5.5%	15,831	6.7%	\$54	8.2%
\$50,000	"	\$75,000	73,547	23.5%	\$757	14.5%	15,525	6.6%	\$58	8.9%
\$75,000	"	\$100,000	49,098	15.7%	\$724	13.8%	3,650	1.6%	\$13	2.0%
\$100,000	"	\$150,000	51,973	16.6%	\$1,084	20.7%	5,072	2.2%	\$13	2.1%
\$150,000	"	\$200,000	22,285	7.1%	\$627	12.0%	1,431	0.6%	\$4	0.7%
\$200,000	"	\$300,000	11,966	3.8%	\$318	6.1%	2,702	1.1%	\$10	1.6%
\$300,000	"	\$400,000	3,530	1.1%	\$107	2.0%	1,005	0.4%	\$4	0.6%
\$400,000	and	over	4,524	1.4%	\$893	17.1%	1,508	0.6%	\$6	0.9%
<b>TOTAL RESIDENT TAXABLE</b>			<b>313,489</b>	<b>100%</b>	<b>\$5,234</b>	<b>100%</b>	<b>235,416</b>	<b>100%</b>	<b>\$655</b>	<b>100%</b>

- While itemized deductions are mostly utilized by middle and top-income classes, standard deductions are used mainly by lower-income classes



- The percentage of taxpayers using the standard deduction has steadily declined since 2013, which was the last time standard deduction amounts were raised, before rising slightly in 2019

## Itemized and Standard Deductions Claimed by Residents in 2019

(Dollar amounts are in millions)

Deduction Type	No. of Returns	% of All Returns	Amount	% of Allowable Deductions
Medical and Dental Expenses	72,996	11.2%	\$602	8.5%
Taxes	354,236	54.3%	\$1,959	27.7%
Interest Expense	163,650	25.1%	\$2,092	29.5%
Charitable Contributions	216,035	33.1%	\$1,364	19.3%
Casualty and Theft Losses	140	0.0%	\$4	0.1%
Miscellaneous Deductions	95,627	14.7%	\$479	6.8%
Total Itemized Deductions Reported	360,477	55.3%	\$6,499	91.8%
Less: Disallowed Itemized Deductions	34,037	5.2%	\$218	3.1%
Total Allowable Itemized Deductions	360,477	55.3%	\$6,281	88.7%
Total Standard Deductions	291,500	44.7%	\$802	11.3%
<b>TOTAL ALLOWABLE DEDUCTIONS</b>	<b>651,977</b>	<b>100.0%</b>	<b>\$7,083</b>	<b>100.0%</b>

Note: Details may not add to totals due to rounding.

- The most-commonly-claimed itemized deduction category is taxes paid and the highest amount claimed is for interest expenses.
- Itemized deduction amounts much higher than standard deduction: \$6.3 billion (88.7% of total) vs. \$800 million (11.3% of total)

### Itemized and Standard Deductions Claimed by Residents in 2019

(Dollar amounts are in millions)

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<b>TOTAL ALLOWABLE DEDUCTIONS</b>	<b>651,977</b>	<b>100.0%</b>	<b>\$7,083</b>	<b>100.0%</b>

Note: Details may not add to totals due to rounding.

- Itemized deductions have limitations:
  - Only the part of medical and dental expenses (and casualty and theft losses) over 10% of Hawai'i AGI is deductible
  - Taxes paid deduction has income limits: Can be claimed by FAGI<\$100k (Single), FAGI<\$200k (Joint), FAGI<\$150k (HH)

# TYPES OF DEDUCTIONS BY HAWAII ADJUSTED GROSS INCOME (AGI) CLASS - 2019

(Dollar amounts are in millions)

Hawaii AGI CLASS			Medical and Dental Expenses				Taxes			
			Number	% of Total	Amount	% of Total	Number	% of Total	Amount	% of Total
<b>TAXABLE RESIDENT RETURNS</b>										
\$0	to under	\$10,000	1,491	4.4%	\$3	1.5%	2,274	0.7%	\$3	0.2%
\$10,000	"	\$20,000	5,952	17.7%	\$18	9.0%	10,110	3.3%	\$21	1.2%
\$20,000	"	\$30,000	5,962	17.7%	\$25	12.5%	15,335	4.9%	\$40	2.3%
\$30,000	"	\$40,000	5,074	15.1%	\$25	12.5%	29,777	9.6%	\$86	4.9%
\$40,000	"	\$50,000	3,826	11.4%	\$20	10.2%	38,221	12.3%	\$131	7.5%
\$50,000	"	\$75,000	5,622	16.7%	\$37	18.5%	73,326	23.7%	\$342	19.6%
\$75,000	"	\$100,000	2,679	8.0%	\$22	11.2%	48,899	15.8%	\$318	18.2%
\$100,000	"	\$150,000	2,041	6.1%	\$24	12.1%	50,994	16.5%	\$425	24.3%
\$150,000	"	\$200,000	595	1.8%	\$10	5.0%	21,889	7.1%	\$255	14.6%
\$200,000	"	\$300,000	288	0.9%	\$8	3.9%	11,418	3.7%	\$61	3.5%
\$300,000	"	\$400,000	74	0.2%	\$3	1.6%	3,393	1.1%	\$18	1.0%
\$400,000	and	over	63	0.2%	\$4	2.1%	4,320	1.4%	\$46	2.6%
<b>TOTAL RESIDENT TAXABLE</b>			<b>33,667</b>	<b>100%</b>	<b>\$198</b>	<b>100%</b>	<b>309,956</b>	<b>100%</b>	<b>\$1,747</b>	<b>100%</b>

- Medical Expenses Deduction: mostly lower-income classes
- Taxes Deduction: mostly low to middle-income classes (given income limits)



# TYPES OF DEDUCTIONS BY HAWAII ADJUSTED GROSS INCOME (AGI) CLASS - 2019

(Dollar amounts are in millions)

Hawaii AGI CLASS			Interest Expense				Charitable Contributions				Casualty Losses & Misc. Deductions			
			Number	% of Total	Amount	% of Total	Number	% of Total	Amount	% of Total	Number	% of Total	Amount	% of Total
<b>TAXABLE RESIDENT RETURNS</b>														
\$0	to under	\$10,000	317	0.2%	\$1	0.0%	1,252	0.7%	\$2	0.1%	840	1.1%	\$1	0.2%
\$10,000	"	\$20,000	2,898	2.1%	\$13	0.7%	6,760	3.5%	\$11	0.8%	3,462	4.5%	\$6	1.6%
\$20,000	"	\$30,000	5,127	3.7%	\$34	1.9%	10,757	5.6%	\$20	1.6%	5,429	7.1%	\$15	3.5%
\$30,000	"	\$40,000	7,415	5.3%	\$60	3.3%	16,038	8.4%	\$30	2.3%	7,530	9.8%	\$24	5.7%
\$40,000	"	\$50,000	8,874	6.3%	\$78	4.3%	17,827	9.3%	\$33	2.5%	8,110	10.5%	\$28	6.7%
\$50,000	"	\$75,000	23,634	16.9%	\$234	13.1%	38,234	20.0%	\$82	6.3%	16,511	21.4%	\$62	14.9%
\$75,000	"	\$100,000	22,802	16.3%	\$260	14.5%	29,405	15.4%	\$71	5.5%	12,013	15.6%	\$53	12.8%
\$100,000	"	\$150,000	34,237	24.4%	\$454	25.3%	36,334	19.0%	\$112	8.7%	13,359	17.4%	\$70	16.8%
\$150,000	"	\$200,000	17,313	12.3%	\$267	14.9%	17,360	9.1%	\$65	5.0%	5,350	6.9%	\$36	8.7%
\$200,000	"	\$300,000	10,517	7.5%	\$193	10.7%	10,068	5.3%	\$56	4.3%	2,709	3.5%	\$26	6.4%
\$300,000	"	\$400,000	3,146	2.2%	\$68	3.8%	3,020	1.6%	\$26	2.0%	694	0.9%	\$11	2.6%
\$400,000	and	over	3,920	2.8%	\$134	7.5%	4,025	2.1%	\$792	60.9%	986	1.3%	\$83	20.2%
TOTAL RESIDENT TAXABLE			140,200	100%	\$1,794	100%	191,080	100%	\$1,299	100%	76,993	100%	\$414	100%

- Interest Expense Deduction: mostly middle-income classes
- Charitable contributions; casualty losses & misc. ded. (e.g. employee bus. exp.): most frequent in middle-income classes, largest amount by top-income earners

# RESIDENT STANDARD DEDUCTION USE STATISTICS BY FILING STATUS - TAX YEAR 2019

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RESIDENT STANDARD DEDUCTION STATISTICS BY FILING STATUS - TAX YEAR 2019								
Filing Status	No. of Std. Ded.	% of StdDed	New % of Std. Ded Users			Change in % of Std. Ded Users		
			2x	3x	5x+Noxmpt	2x	3x	5x+Noxmpt
Married Filing Jointly	57,951	26.0%	42.0%	54.0%	74.0%	16.0%	28.0%	48.0%
Single	185,381	54.1%	71.9%	80.3%	88.3%	17.8%	26.2%	34.2%
Married Filing Separately	7,961	50.9%	63.3%	71.3%	79.8%	12.4%	20.5%	28.9%
Head of Household	39,924	56.6%	74.7%	81.8%	89.4%	18.0%	25.2%	32.8%
Qualifying Widow(er)	211	53.1%	64.0%	74.8%	87.4%	10.8%	21.7%	34.3%
	<b>291,428</b>	<b>44.7%</b>	<b>61.8%</b>	<b>71.3%</b>	<b>83.3%</b>	<b>17.1%</b>	<b>26.5%</b>	<b>38.6%</b>

- % of standard deduction users less than 50% for joint filers
- % of standard deduction users exceed 50% for all filer types under threefold and fivefold increases in standard deduction amounts
- % of standard deduction users overall increase from 44.7% to much higher rates (61.8%, 71.3%, 83.3%) as the standard deduction amounts increase

# RESIDENT STANDARD DEDUCTION USE STATISTICS BY TAX BRACKETS - TAX YEAR 2019

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Tax Bracket	Marginal Tax Rate	No. of Returns	% of Total	No. of Std. Ded. Users	% of StdDed	New % of Std. Ded Users		
						2x	3x	5x+Noxmpt
1	1.40%	130,581	20.0%	77,343	59.2%	68.0%	74.6%	86.1%
2	3.20%	26,305	4.0%	20,252	77.0%	83.4%	88.1%	94.7%
3	5.50%	48,499	7.4%	36,794	75.9%	82.2%	86.9%	93.9%
4	6.40%	45,737	7.0%	33,328	72.9%	80.2%	85.5%	93.0%
5	6.80%	45,811	7.0%	31,751	69.3%	78.4%	84.3%	92.1%
6	7.20%	44,325	6.8%	28,603	64.5%	75.3%	82.2%	91.0%
7	7.60%	98,751	15.1%	40,422	40.9%	67.9%	76.1%	87.6%
8	7.90%	75,094	11.5%	6,720	8.9%	55.9%	65.8%	80.4%
9	8.25%	123,792	19.0%	12,398	10.0%	26.0%	46.2%	65.3%
10	9.00%	3,306	0.5%	896	27.1%	35.5%	43.1%	60.7%
11	10.00%	2,089	0.3%	587	28.1%	35.5%	43.2%	59.5%
12	11.00%	7,603	1.2%	2,334	30.7%	39.6%	46.4%	58.7%
		<b>651,893</b>	<b>100%</b>	<b>291,428</b>	<b>44.7%</b>	<b>61.8%</b>	<b>71.3%</b>	<b>83.3%</b>

- % of standard deduction users less than 50% for middle to upper tax brackets
- % of standard deduction users exceed 50% for all tax brackets under fivefold increase in standard deduction amounts

# RESIDENT NET TAX LIABILITY STATISTICS BY TAX BRACKETS - TAX YEAR 2019

Tax Bracket	Marginal Tax Rate	Net Tax Liab. (\$M)	% of Total	New Net Tax Liability (\$ mil)			New Net Tax Liability (% of Total)		
				2x	3x	5x+Noxmpt	2x	3x	5x+Noxmpt
1	1.40%	-\$17	-0.7%	-\$17	-\$17	-\$16	-0.8%	-0.8%	-0.8%
2	3.20%	-\$1	0.0%	-\$2	-\$3	-\$3	-0.1%	-0.1%	-0.1%
3	5.50%	\$7	0.3%	\$3	\$0	-\$2	0.2%	0.0%	-0.1%
4	6.40%	\$22	1.0%	\$17	\$12	\$7	0.8%	0.6%	0.3%
5	6.80%	\$44	1.9%	\$37	\$31	\$23	1.7%	1.4%	1.1%
6	7.20%	\$67	2.9%	\$60	\$53	\$45	2.7%	2.4%	2.1%
7	7.60%	\$241	10.5%	\$229	\$213	\$194	10.2%	9.8%	9.2%
8	7.90%	\$286	12.5%	\$280	\$270	\$257	12.5%	12.3%	12.1%
9	8.25%	\$927	40.4%	\$923	\$912	\$902	41.1%	41.7%	42.5%
10	9.00%	\$62	2.7%	\$62	\$61	\$61	2.7%	2.8%	2.9%
11	10.00%	\$47	2.0%	\$46	\$46	\$46	2.1%	2.1%	2.2%
12	11.00%	\$610	26.6%	\$609	\$608	\$607	27.1%	27.8%	28.7%
		<b>\$2,294</b>	<b>100.0%</b>	<b>\$2,247</b>	<b>\$2,186</b>	<b>\$2,120</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
		<b>Reduction in Revenue</b>		<b>-\$47</b>	<b>-\$108</b>	<b>-\$174</b>			

- While net tax liabilities fall across the board, the tax liability share of upper brackets increase since they are more likely to continue using itemized deductions

# RESIDENT NET TAX LIABILITY STATISTICS BY TAX BRACKETS - TAX YEAR 2019

Tax Bracket	Marginal Tax Rate	Change in Avg. Net Tax Liability			% Change in Net Tax Liability		
		2x	3x	5x+Noxmpt	2x	3x	5x+Noxmpt
1	1.40%	-\$3	-\$4	\$4	0.0%	0.0%	3.0%
2	3.20%	-\$50	-\$74	-\$73	-155.8%	-227.6%	-225.2%
3	5.50%	-\$81	-\$154	-\$203	-53.5%	-101.7%	-134.0%
4	6.40%	-\$105	-\$208	-\$329	-21.9%	-43.5%	-69.0%
5	6.80%	-\$136	-\$282	-\$459	-14.3%	-29.6%	-48.2%
6	7.20%	-\$142	-\$299	-\$497	-9.4%	-19.9%	-33.0%
7	7.60%	-\$127	-\$282	-\$477	-5.2%	-11.6%	-19.5%
8	7.90%	-\$79	-\$216	-\$376	-2.1%	-5.7%	-9.9%
9	8.25%	-\$35	-\$123	-\$204	-0.5%	-1.6%	-2.7%
10	9.00%	-\$88	-\$201	-\$280	-0.5%	-1.1%	-1.5%
11	10.00%	-\$101	-\$226	-\$307	-0.5%	-1.0%	-1.4%
12	11.00%	-\$119	-\$266	-\$358	-0.1%	-0.3%	-0.4%
		<b>-\$72</b>	<b>-\$166</b>	<b>-\$267</b>	<b>-2.1%</b>	<b>-4.7%</b>	<b>-7.6%</b>

- The largest average net tax liability reductions occur in middle income tax brackets.
- The percentage reduction is disproportionately higher for lower tax brackets: Signs of progressivity



# RESIDENT NET TAX LIABILITY STATISTICS BY FILING STATUS - TAX YEAR 2019

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Filing Status	Net Tax Liability (\$M)	% of Total	New Net Tax Liability (% of Total)			% Change in Net Tax Liability		
			2x	3x	5x+Noxmpt	2x	3x	5x+Noxmpt
Married Filing Jointly	\$1,417	61.8%	62.3%	63.0%	64.1%	-1.2%	-2.9%	-4.2%
Single	\$664	28.9%	28.5%	28.1%	27.2%	-3.4%	-7.5%	-13.2%
Married Filing Separately	\$63	2.8%	2.8%	2.8%	2.8%	-1.8%	-3.9%	-6.2%
Head of Household	\$149	6.5%	6.3%	6.1%	5.9%	-4.8%	-10.3%	-15.6%
Qualifying Widow(er)	\$0.73	0.0%	0.0%	0.0%	0.0%	-4.9%	-10.5%	-17.3%
	<b>\$2,294</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-2.1%</b>	<b>-4.7%</b>	<b>-7.6%</b>

- The tax liability share of joint filers increase since they are more likely to continue using itemized deductions
- The percentage reduction in tax liability is disproportionately higher for unmarried people



# Changes in Hawai'i's Standard Deduction Amounts Over Time

Filing Status	1982	1987	1989	2007	2013
Married Filing Jointly	\$1,000	\$1,700	\$1,900	\$4,000	\$4,400
Single	\$800	\$1,000	\$1,500	\$2,000	\$2,200
Married Filing Separately	\$500	\$850	\$950	\$2,000	\$2,200
Head of Household	\$800	\$1,500	\$1,650	\$2,920	\$3,212

## Hawai'i Standard Deduction

1982-2013 Average Growth Rate 4.90%

**1982-2013 Average Inflation Rate 3.12%**

1982-2020 Average Growth Rate 3.98%

**1982-2020 Average Inflation Rate 2.63%**

- **Rate of Change in US-CPI 2013-2020: 11%**

## Hawai'i versus Federal Standard Deduction Amounts (Joint Filers)

	1982	1987	1989	2007	2013
Hawai'i	\$1,000	\$1,700	\$1,900	\$4,000	\$4,400
Federal	\$3,400	\$3,760	\$5,200	\$10,700	\$12,200
Ratio	29.41%	45.21%	36.54%	37.38%	36.07%

	2013	2017	2020
Hawai'i	\$4,400	\$4,580	\$8,944
Federal	\$12,200	\$12,700	\$24,800
Ratio	36.07%	36.07%	36.07%

Doubling Standard Deduction Amounts			If Inflation Indexed					
	Rate Since 2013	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
<b>Joint</b>	\$4,400	\$8,800	\$9,013	\$9,229	\$9,450	\$9,664	\$9,876	\$10,088
<b>Single</b>	\$2,200	\$4,400	\$4,506	\$4,615	\$4,725	\$4,832	\$4,938	\$5,044
<b>HH</b>	\$3,212	\$6,424	\$6,579	\$6,737	\$6,898	\$7,055	\$7,209	\$7,364
<b>Dependent</b>	Max(\$500, earned	Max(\$1000, earned income up to filing status limit)						

**Notes:** 1. Single: Single Taxpayers and Married Filing Separate Returns

2. Joint: Married Filing Joint Returns and Qualifying Widow(er)s

3. HH: Head of Household

4. For nonresidents, Prorated Standard Deduction = AGI Ratio x Standard Deduction Rate

# SUMMARY OF REVENUE ESTIMATES

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	Doubling Standard Deduction Amounts	Tripling Standard Deduction Amounts	5x Standard Deduction Amounts and No Exemptions	Indexing Standard Deduction to HI CPI Inflation
<b>Revenue Impact (\$M)</b>	<b>-\$50.04</b>	<b>-\$113.99</b>	<b>-\$184.13</b>	<b>-\$3.53</b>
<b>Revenue Loss (%)</b>	<b>-2.04%</b>	<b>-4.66%</b>	<b>-7.52%</b>	<b>-0.14%</b>
<b><i>Not Inflation Indexed</i></b>				
<b>FY 2023-2027 Average</b>	-\$57.93	-\$131.96	-\$213.16	
<b>FY 2023-2027 Total</b>	-\$289.66	-\$659.81	-\$1,065.81	
<b><i>Inflation Indexed</i></b>				
<b>FY 2023-2027 Average</b>	-\$63.31	-\$144.20	-\$232.94	-\$4.46
<b>FY 2023-2027 Total</b>	-\$316.53	-\$721.02	-\$1,164.68	-\$22.31

# EXTRA POLICY EXPERIMENT: INDEXING TAX BRACKETS TO HAWAI'I INFLATION

## 2019-2021 ACTUAL TAX SCHEDULE

Single Taxpayers and Married Filing Separate Returns

Over (>)	But Not Over (<=)	Your tax is:	
	\$2,400	1.40%	
\$2,400	\$4,800	\$34 plus	3.20%
\$4,800	\$9,600	\$110 plus	5.50%
\$9,600	\$14,400	\$374 plus	6.40%
\$14,400	\$19,200	\$682 plus	6.80%
\$19,200	\$24,000	\$1,008 plus	7.20%
\$24,000	\$36,000	\$1,354 plus	7.60%
\$36,000	\$48,000	\$2,266 plus	7.90%
\$48,000	\$150,000	\$3,214 plus	8.25%
\$150,000	\$175,000	\$11,629 plus	9.00%
\$175,000	\$200,000	\$13,879 plus	10.00%
\$200,000		\$16,379 plus	11.00%

## ALTERNATIVE: INFLATION INDEXED BRACKETS

Single Taxpayers and Married Filing Separate Returns

Over (>)	But Not Over (<=)	Your tax is:	
	\$2,451	1.40%	
\$2,451	\$4,901	\$34 plus	3.20%
\$4,901	\$9,802	\$113 plus	5.50%
\$9,802	\$14,704	\$382 plus	6.40%
\$14,704	\$19,605	\$696 plus	6.80%
\$19,605	\$24,506	\$1,029 plus	7.20%
\$24,506	\$36,759	\$1,382 plus	7.60%
\$36,759	\$49,012	\$2,313 plus	7.90%
\$49,012	\$153,162	\$3,281 plus	8.25%
\$153,162	\$178,689	\$11,874 plus	9.00%
\$178,689	\$204,216	\$14,171 plus	10.00%
\$204,216		\$16,724 plus	11.00%

# EXTRA POLICY EXPERIMENT: INDEXING TAX BRACKETS TO HAWAI'I INFLATION

TAX YEAR 2019 DATA**				
	Residents	Nonresidents	TOTAL	
Synthetic Tax Liability After Credits*	\$2,294,443,507	\$153,811,298	\$2,448,254,805	
Counterfactual Tax Liability After Credits*	\$2,286,078,755	\$153,269,605	\$2,439,348,360	Revenue Loss (%)
Revenue Impact	-\$8,364,752	-\$541,693	-\$8,906,445	-0.36%
* With Tax Credit Adjustments and Capital Gains Tax Considerations				
** Excludes composite nonresident returns and returns with missing filing status				

Indexing Tax Brackets to Hawai'i Inflation		
	Revenue Impact (\$M)	Revenue Loss (%)
Base Estimate (TY 2019)	-\$8.91	-0.36%
FY 2023-2027 Average	-\$11.43	
FY 2023-2027 Total	-\$57.14	

# RESIDENT NET TAX LIABILITY STATISTICS BY FILING STATUS - TAX YEAR 2019

RESIDENT NET TAX LIABILITY STATISTICS BY FEDERAL AGI CLASS - TAX YEAR 2019										
Federal AGI Class			No. of Returns	% of Total	Net Tax Liab.	% of Total	New Net Tax Liability (\$ mil) % of total		Change in Avg. Net Tax Liability	% Change in Net Tax Liability
Less	than	\$0	7,884	1.2%	-\$1.448	-0.1%	-\$1.451	-0.1%	\$0	0.0%
\$0	to under	\$10,000	91,452	14.0%	-\$6.83	-0.3%	-\$6.87	-0.3%	-\$1	-0.7%
\$10,000	to under	\$20,000	69,819	10.7%	\$13.75	0.6%	\$13.55	0.6%	-\$3	-1.5%
\$20,000	"	\$30,000	68,944	10.6%	\$46.88	2.0%	\$46.46	2.0%	-\$6	-0.9%
\$30,000	"	\$40,000	66,147	10.1%	\$85.90	3.7%	\$85.32	3.7%	-\$9	-0.7%
\$40,000	"	\$50,000	55,672	8.5%	\$105.96	4.6%	\$105.34	4.6%	-\$11	-0.6%
\$50,000	"	\$75,000	98,291	15.1%	\$261.48	11.4%	\$260.17	11.4%	-\$13	-0.5%
\$75,000	"	\$100,000	63,310	9.7%	\$232.73	10.1%	\$231.73	10.1%	-\$16	-0.4%
\$100,000	"	\$150,000	71,042	10.9%	\$381.36	16.6%	\$379.91	16.6%	-\$20	-0.4%
\$150,000	"	\$200,000	29,416	4.5%	\$239.41	10.4%	\$238.65	10.4%	-\$26	-0.3%
\$200,000	"	\$300,000	17,744	2.7%	\$232.10	10.1%	\$231.50	10.1%	-\$34	-0.3%
\$300,000	"	\$400,000	5,501	0.8%	\$114.32	5.0%	\$113.99	5.0%	-\$59	-0.3%
\$400,000	and	over	6,671	1.0%	\$588.82	25.7%	\$587.77	25.7%	-\$158	-0.2%
TOTAL			651,893	100%	\$2,294	100%	\$2,286	100%	-\$13	-0.4%
Reduction in Revenue							-\$8.4			

- The percentage reduction in tax liability is disproportionately higher for lower-income taxpayers