
A BILL FOR AN ACT

RELATING TO CONFORMITY OF THE HAWAII INCOME TAX LAW TO THE
INTERNAL REVENUE CODE.

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

1 SECTION 1. The purpose of this Act is to conform Hawaii
2 income tax law to the Internal Revenue Code.

3 SECTION 2. Section 235-2.3, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) For all taxable years beginning after December 31,
6 [~~2009~~] 2010 as used in this chapter, except as provided in
7 section 235-2.35, "Internal Revenue Code" means subtitle A,
8 chapter 1, of the federal Internal Revenue Code of 1986, as
9 amended as of December 31, [~~2009~~] 2010 as it applies to the
10 determination of gross income, adjusted gross income, ordinary
11 income and loss, and taxable income, except those provisions of
12 the Internal Revenue Code and federal public laws which,
13 pursuant to this chapter, do not apply or are otherwise limited
14 in application and except for the provisions of Public Law 109-
15 001 which apply to section 170 of the Internal Revenue Code.
16 The provisions of Public Law 109-001 to accelerate the deduction
17 for charitable cash contributions for the relief of victims of

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1 the 2004 Indian Ocean tsunami are applicable for the calendar
2 year that ended December 31, 2004, and the calendar year ending
3 December 31, 2005.

4 Sections 235-2, 235-2.1, and 235-2.2 shall continue to be
5 used to determine:

6 (1) The basis of property, if a taxpayer first determined
7 the basis of property in a taxable year to which such
8 sections apply, and if such determination was made
9 before January 1, 1978; and

10 (2) Gross income, adjusted gross income, ordinary income
11 and loss, and taxable income for a taxable year to
12 which such sections apply where such taxable year
13 begins before January 1, 1978."

14 SECTION 3. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: Calvin H. Boy

BY REQUEST

JAN 24 2011

Report Title:

Income Tax; Conformity to the Internal Revenue Code for 2010

Description:

Provides a measure for conforming amendments to the Hawaii income tax law based upon amendments to the Internal Revenue Code made in calendar year 2010.

JUSTIFICATION SHEET

DEPARTMENT: Taxation.

TITLE: A BILL FOR AN ACT RELATING TO CONFORMITY OF THE HAWAII INCOME TAX LAW TO THE INTERNAL REVENUE CODE.

PURPOSE: To amend Hawaii's income tax law to conform with changes to the Internal Revenue Code made in calendar year 2010.

MEANS: Amend section 235-2.3(a), Hawaii Revised Statutes (HRS).

JUSTIFICATION: Section 235-2.5(c), HRS, mandates that the Department of Taxation submit to each regular session of the Legislature a bill that amends Hawaii's income tax law to conform to changes in the Internal Revenue Code. This bill amends section 235-2.3(a), HRS, by changing the date from 2009 to 2010 to reflect federal tax law changes made in the 2010 calendar year. Additional amendments to other conforming provisions are anticipated.

Impact on the public: Conformity through amendments to the operative provisions of the Internal Revenue Code will minimize the burden on taxpayers to comply with the requirements of Hawaii's income tax law.

Impact on the department and other agencies: Conforming Hawaii's income tax law to that of the Internal Revenue Code will increase consistency between the state and federal jurisdictions.

GENERAL FUND: Pending.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: None.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.