

# S.B. NO. 1133

JAN 28 2015

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## 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 [~~2013~~] 2014, 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, [~~2013~~] 2014, 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 these  
8 sections apply, and if the 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 these sections apply where the taxable year  
13 begins before January 1, 1978."

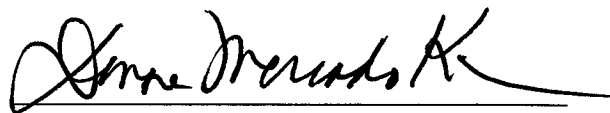
14 SECTION 3. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 4. This Act, upon its approval, shall apply to  
17 taxable years beginning after December 31, 2014.

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INTRODUCED BY:



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BY REQUEST

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**Report Title:**

Income Tax; Conformity to the Internal Revenue Code for 2014

**Description:**

Conforms Hawaii income tax law with amendments made to the Internal Revenue Code as of December 31, 2014.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

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 2014.

MEANS: Amend sections 235-2.3(a) and 235-2.4, 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 2013 to 2014 to reflect tax law changes made in the 2014 calendar year.

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.