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## A BILL FOR AN ACT

RELATING TO AMENDING OR REPEALING HAWAII INCOME TAX LAWS FOR THE  
PURPOSE OF DELETING OBSOLETE OR UNNECESSARY PROVISIONS.

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

1           SECTION 1. Section 235-2.3, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:  
3           "(a) For all taxable years beginning after December 31,  
4 2014, as used in this chapter, except as provided in section  
5 235-2.35, "Internal Revenue Code" means subtitle A, chapter 1,  
6 of the federal Internal Revenue Code of 1986, as amended as of  
7 December 31, 2014, as it applies to the determination of gross  
8 income, adjusted gross income, ordinary income and loss, and  
9 taxable income, except those provisions of the Internal Revenue  
10 Code and federal public laws which, pursuant to this chapter, do  
11 not apply or are otherwise limited in application and except for  
12 the provisions of Public Law 109-001, which apply to section 170  
13 of the Internal Revenue Code. The provisions of Public Law 109-  
14 001 to accelerate the deduction for charitable cash  
15 contributions for the relief of victims of the 2004 Indian Ocean  
16 tsunami are applicable for the calendar year that ended December  
17 31, 2004, and the calendar year ending December 31, 2005.



1       ~~[Sections 235-2, 235-2.1, and 235-2.2]~~ Prior law shall  
2 continue to be used to determine:

- 3       (1) The basis of property, if a taxpayer first determined
- 4             the basis of property in a taxable year to which
- 5             ~~[these sections apply, and if the determination was~~
- 6             ~~made before January 1, 1978,]~~ prior law applies; and
- 7       (2) Gross income, adjusted gross income, ordinary income
- 8             and loss, and taxable income for a taxable year to
- 9             which ~~[these sections apply where the taxable year~~
- 10            ~~begins before January 1, 1978.]~~ prior law applies."

11       SECTION 2. Section 235-2, Hawaii Revised Statutes, is  
12 repealed.

13       ~~["§235-2 Same; "Internal Revenue Code". "Internal Revenue~~  
14 ~~Code" means the Internal Revenue Code of 1954 as it applies to~~  
15 ~~the determination of gross income, adjusted gross income, and~~  
16 ~~taxable income, except those provisions of the Internal Revenue~~  
17 ~~Code which pursuant to this chapter do not apply. For each~~  
18 ~~taxable year specified in column 1 below the Internal Revenue~~  
19 ~~Code meant is the Internal Revenue Code of 1954 as amended as of~~  
20 ~~June 7, 1957 and as further amended by the acts of Congress, or~~  
21 ~~portions thereof, enumerated in column 2 (section numbers in~~



1 ~~column 2 are inclusive). Amendments to the Code not herein~~  
2 ~~enumerated shall not be operative for the purposes of this~~  
3 ~~chapter unless specifically adopted.~~

~~Column 1~~

~~Taxable year beginning on or after January 1, 1958, or which in whole or in part is governed by this chapter pursuant to the provisions of Act 1 of the Special Session Laws of 1957, and subsequent taxable years.~~

~~Column 2~~

~~Public Laws 85-165, 85-320, and 85-367; Public Law 85-866, Title I, sections 4-12, 19, 20 (with respect to sales, exchanges, and distributions made after December 31, 1957), 21, 22, 24, 25, 28, 29 (the provisions of section 29 being applicable as agreed upon in connection with the consent of the department of taxation to the change in the method of accounting, and reading "the first taxable year beginning after December 31, 1953, and ending after August 16, 1954" as "the first taxable year governed by the Income Tax Law of 1957"), 34, 35, 37(c), 38, 43-48, 52(b), 53, 55, 95, and 97.~~

~~Taxable year beginning on or after January 1, 1959, beginning in 1958 but ending on or after June 30, 1959, and subsequent taxable years.~~

~~Public Law 85-866, Title I, sections 2 (with respect to obligations acquired after December 31, 1957), 3 (with respect to amounts received as a statutory subsistence allowance for a period after September 30, 1958), 13, 15 (with respect to the costs and improvements there designated), 17, 23, 26, 27, 30 (the provisions of section 30 being~~



~~applicable to the extent they relate to deductions for contributions and gifts), 37(b) and (d), 39, 49, 50, 51, 52(a), 54, 57(a), 58 (with respect to the amounts there designated), 101 (with respect to taxable years of regulated investment companies beginning on or after March 1, 1958), Title II, sections 202, 204 (with respect to property acquired by purchase after December 31, 1958).~~

~~Taxable year beginning on or after January 1, 1961, and subsequent taxable years.~~

~~Public Law 86-564, Title III, section 302.~~

~~Taxable years beginning on or after January 1, 1962, and subsequent taxable years.~~

~~Public Law 87-834, sections 22 and 28.~~

~~Taxable years ending after December 31, 1962, but only in respect of periods after December 31, 1962.~~

~~Public Law 87-834, section 4.~~

~~Taxable year beginning on or after January 1, 1963, and subsequent taxable years.~~

~~Public Law 87-834, sections 13 and 21; Public Law 87-863, section 2.~~

~~Taxable year beginning on or after January 1, 1965.~~

~~Public Law 86-376, section 1(a); Public Law 86-470, section 3(a); Public Law 86-594, section 1; Public Law 86-779, sections 6(a), (b), and (c); 7(a) and (b); Public Law 87-256, section 110(a); Public Law 87-834, section 3(a); Public Law 87-858, section 2(a).~~



~~and (b); Public Law 87-863, section 1(a) and (b); Public Law 88-4, section 1; Public Law 88-272, sections 203(d) (with respect to dispositions of elevators and escalators made in taxable years beginning on or after January 1, 1965), 204(a) (with respect to group-term life insurance provided in taxable years beginning on or after January 1, 1965), 205(a) (with respect to amounts attributable to periods of absence beginning on or after January 1, 1965), 206(a) and (b) (2) (3) and (4) (with respect to sales on or after January 1, 1965), 207(a), (b) (1) (2) (3), and (c) (2), 208(a) (with respect to losses sustained in taxable years beginning on or after January 1, 1965), 211(a), 212(a), 213(a) and (b) (with respect to expenses incurred in taxable years beginning on or after January 1, 1965), 217(a), 224(a), (b), and (c) (with respect to certain deferred payments on sales or exchanges of property occurring in taxable years beginning on or after January 1, 1965), 230(a) and (b) (with respect to capital loss carryovers in taxable years beginning on or after January 1, 1965, and further provided that in the case of a taxpayer other than a corporation, there shall be treated as a short term capital~~



~~loss in the first taxable year beginning after December 31, 1964; any amount which is treated as a short term capital loss in such year as in effect immediately before May 11, 1965), 231(a) and (b) (with respect to dispositions of certain depreciable realty in taxable years beginning on or after January 1, 1965).~~

~~Taxable years ending after December 31, 1965, but only with respect to compensation for periods of active service after such date.~~

~~Public Law 88-554, section 1, Internal Revenue Code of 1954, section 112, as amended by Public Law 89-739.~~

~~Taxable years ending after December 31, 1966, but only with respect to contributions made after such date.~~

~~Public Law 88-272, section 209, with the exceptions of section 209(e)(2) and section 209(f).~~

~~Taxable years beginning January 1, 1967.~~

~~Public Law 90-78, section 1.~~

~~Taxable year beginning on or after January 1, 1968.~~

~~Public Law 87-792, sections 2, 3, 4, 6, 7(b), 7(c), 7(d), 7(e) and 7(f); Public Law 87-863, subsections 2(a) and (b); Public Law 89-809, sections 204 and 205; Public Law 87-792, section 5.~~

~~Taxable years beginning on or after January 1, 1966.~~

~~Internal Revenue Code, section 112(d), as added by Public Law 92-279.~~

~~Taxable years beginning on or after January 1, 1975.~~

~~Public Law 91-172, sections 201(a)(1), (a)(2)(A), (b), (c), (e) and (f) (with respect to~~



~~charitable contributions made on or after January 1, 1975), 212(a)(1), (a)(2), (b)(1), and (c)(1) (with respect to recapture of depreciation upon the sale of livestock made on or after January 1, 1975), 213(a), (b), and (c) (with respect to deductions attributable to activities not engaged in for profit made on or after January 1, 1975), 231(a), (b), and (c) (with respect to moving expenses made on or after January 1, 1975), 321(a), (b), and (c) (with respect to restricted property made on or after January 1, 1975), 331(a), (b), and (c) (with respect to treatment of excess distributions by trusts made on or after January 1, 1975), 411(a) and (b) (with respect to interest on indebtedness incurred by corporation to acquire stock or assets of another corporation made on or after January 1, 1975), 412(a) (with respect to installment sale made on or after January 1, 1975), 421(a) (with respect to stock dividends made on or after January 1, 1975), 433(b) (with respect to loss of a small business investment company made on or after January 1, 1975), 441(a) (with respect to public utility property made on or after January 1, 1975), 442(a) (with respect to~~



~~earnings and profits made on or after January 1, 1975), 513(a), (b), and (c) (with respect to capital loss limitations for individuals), 514(a) and (b) (with respect to income on sales of literary property), 515(a), (b) and (c)(1), (c)(2) and (c)(3) (with respect to lump sum distribution from employees' plans), 516(a) (with respect to sales or other disposition of a term interest in property), 516(b) (with respect to treatment of certain casualty losses), 516(c) (with respect to treatment of franchises, trademarks and trade names), 521(a) through (f) (with respect to real estate depreciation and recapture effective on or after January 1, 1975), 531(a), (b) and (c) (with respect to qualified pension, etc., plans of small business corporation effective on or after January 1, 1975), 901(a) and (b) (with respect to casualty losses reimbursement for increased living expenses), 902(a) and (b) (with respect to fines and penalties, and bribes and illegal kickbacks), 905(a) and (b) (with respect to corporations using appreciated property to redeem their own stock), 910(a), (b) and (c) (with respect to sales of certain low income housing projects in Hawaii), 912(a)~~





~~(with respect to foster child as dependent), 915(a) (with respect to replacement of property involuntarily converted within a 2 year period.) Public Law 92-178, sections 109(a), (b), (d)(1)(2), and (e) (with respect to class life system of depreciation effective on or after January 1, 1975), 302(a) and (b) with the exceptions of unused credits (with respect to limitations on carryovers of unused capital losses), 303(a) and (c) (with respect to amortization of certain expenditures for on the job training and for child care centers), 306(a) and (b) (with respect to capital gain distributions of certain trusts), 310(a) (with respect to bribes, kickbacks, medical referral payments), and 311(a) (with respect to activities not engaged in for profit)."~~

1 SECTION 3. Section 235-2.1, Hawaii Revised Statutes, is  
2 repealed.

3 [~~"§235-2.1 Internal Revenue Code, further amendments~~  
4 ~~adopted. For each taxable year specified in column 1 below the~~  
5 ~~Internal Revenue Code meant is the Internal Revenue Code of 1954~~  
6 ~~as amended as of June 7, 1957, and as further amended by the~~  
7 ~~acts of Congress, or portions thereof, enumerated in column 2~~



1 ~~(section numbers in column 2 are inclusive). Amendments to the~~  
2 ~~Code not enumerated in section 235-2 or herein shall not be~~  
3 ~~operative for the purposes of this chapter unless specifically~~  
4 ~~adopted.~~

~~Column 1~~

~~Column 2~~

~~Taxable years beginning on or  
after January 1, 1976.~~

~~Public Law 93-406, sections  
2001(a), (b), (c); 2002(a),  
(b), (c), (f), (g) (5) and  
(6)."]~~

5 SECTION 4. Section 235-2.2, Hawaii Revised Statutes, is  
6 repealed.

7 [~~"§235-2.2 Internal Revenue Code, further amendments~~  
8 ~~adopted. For each taxable year specified in column 1 below, the~~  
9 ~~Internal Revenue Code meant is the Internal Revenue Code of 1954~~  
10 ~~as amended as of June 7, 1957 and as further amended by the acts~~  
11 ~~of Congress, or portions thereof, enumerated in column 2~~  
12 ~~(section numbers in column 2 are inclusive). Amendments to the~~  
13 ~~Code not enumerated in section 235-2, 235-2.1, or herein shall~~  
14 ~~not be operative for the purposes of this chapter unless~~  
15 ~~specifically adopted.~~



~~Column 1~~

~~Taxable years beginning on or  
after January 1, 1977.~~

~~Column 2~~

~~Public Law 629, 84th Cong., 2d  
Session, section 5(a) (with  
respect to nontaxable exchanges  
for taxable years beginning  
after December 31, 1976).  
Public Law 86 779, section  
10(h) (with respect to  
constructive ownership of stock  
for taxable years beginning  
after December 31, 1976).  
Public Law 86 781, section 6(a)  
(with respect to limitation on  
acceleration of accrual of  
taxes for taxable years  
beginning after December 31,  
1976).  
Public Law 87 876, section 3(a)  
(with respect to dividends or  
interest paid on certain  
deposits or withdrawable  
accounts for taxable years  
beginning after December 31,  
1976).  
Public Law 88 272, sections  
218(a) and (b) (with respect to  
corporate reorganizations for  
taxable years beginning after  
December 31, 1976) and 226(a)  
and (b) (with respect to  
treatment in case of oil and  
gas wells for taxable years  
beginning after December 31,  
1976).  
Public Law 88 484, section 1(b)  
(1) and (2) (with respect to  
corporate distributions in  
taxable years beginning after  
December 31, 1976).  
Public Law 88 539, section 3(a)~~



~~and (b) (with respect to the installment method of accounting for taxable years beginning after December 31, 1976).~~

~~Public Law 88-554, section 4(a) (with respect to constructive ownership of stock for taxable years beginning after December 31, 1976).~~

~~Public Law 88-563, section 5 (with respect to original issue discount for taxable years beginning after December 31, 1976).~~

~~Public Law 89-97, sections 106(a), (b), (c), and (d) (1) (with respect to medical deductions for taxable years beginning after December 31, 1976) and 313(b) (with respect to employee tips for taxable years beginning after December 31, 1976).~~

~~Public Law 89-570, section 1(b) (2) and (4) (with respect to corporate distributions in taxable years beginning after December 31, 1976).~~

~~Public Law 89-809, section 202(c) (with respect to methods of accounting for taxable years beginning after December 31, 1976).~~

~~Public Law 90-621, section 1(a) and (b) (with respect to corporate reorganizations for taxable years beginning after December 31, 1976).~~

~~Public Law 91-172, sections 211(a) and (b) (1) to (6) (with~~



~~respect to gain from disposition of property used in farming where farm losses offset nonfarm income for taxable years beginning after December 31, 1976; provided that provisions relating to the excess deduction account shall not apply), 214(a) (with respect to gain from disposition of farm land for taxable years beginning after December 31, 1976), 215(a) (with respect to crop insurance proceeds for taxable years beginning after December 31, 1976), 216(a) (with respect to capitalization of costs of planting and developing citrus groves for taxable years beginning after December 31, 1976), 221(a) (with respect to limitation on interest deduction attributable to investment indebtedness for taxable years beginning after December 31, 1976), 413(a) and (b) (with respect to bonds and other evidences of indebtedness for taxable years beginning after December 31, 1976), 511(a) (with respect to definition of terms applicable to capital gains and losses for taxable years beginning after December 31, 1976), 802(b) (1) and (2) (with respect to the determination of marital status for taxable years beginning after December 31, 1976), and 916(a) (with respect to methods~~



~~of accounting for taxable years beginning after December 31, 1976).~~

~~Public Law 91-680, section 1(a) (with respect to capitalization of costs of planting and developing almond groves for taxable years beginning after December 31, 1976).~~

~~Public Law 91-687, section 1 (with respect to determining when stock of a corporation shall not be treated as a capital asset for taxable years beginning after December 31, 1976).~~

~~Public Law 91-693, section (a) and (b) (with respect to corporate reorganizations for taxable years beginning after December 31, 1976).~~

~~Public Law 92-178, sections 304(a)(2), (c), and (d) (with respect to excess investment interest for taxable years beginning after December 31, 1976) and 305(a) (with respect to farm losses of electing small business corporations for taxable years beginning after December 31, 1976; provided that provisions relating to the excess deduction account shall not apply).~~

~~Public Law 93-406, sections 1013(c)(2) (with respect to when certain contributions may be made for taxable years beginning after December 31, 1976) and 2004(a)(2) (with respect to limitations on~~



~~benefits and contributions under qualified plans for taxable years beginning after December 31, 1976).~~

~~Public Law 93 483, sections 4 (with respect to application of section 117 of the Internal Revenue Code to certain educational programs for members of the uniformed services for taxable years beginning after December 31, 1976) and 6(a) (with respect to penalties forfeited because of premature withdrawal of funds from time savings accounts or deposits for taxable years beginning after December 31, 1976).~~

~~Public Law 94 12, section 207 (with respect to extension of period for replacing old residence for purpose of nonrecognition of gain for taxable years beginning after December 31, 1976).~~

~~Public Law 94 267, sections (a) (1), (2), and (3) and (b) (1), (2), and (3) (with respect to termination of employee trusts and annuity plans for taxable years beginning after December 31, 1976).~~

~~Public Law 94 455, sections 201(a) (with respect to the capitalization and amortization of real property construction period interest and taxes, in the case of (1) nonresidential real property, for taxable~~



~~years beginning after December 31, 1976, (2) residential real property, other than low income housing, for taxable years beginning after December 31, 1977, and (3) low income housing, for taxable years beginning after December 31, 1981, provided that the transitional rule for 1976 (section 189(f) of the Internal Revenue Code as added by section 201(a) shall not apply)), 202(a), (b), and (c) (with respect to the recapture of depreciation on real property for taxable years beginning after December 31, 1976; provided that section 202(b) shall apply with respect to proceedings and operations of law referred to in section 1250(d)(10) of the Internal Revenue Code which begins after December 31, 1976), 203(a) (with respect to the depreciation of expenditures to rehabilitate low income rental housing for taxable years beginning after December 31, 1976; provided that (1) section 167(k) of the Internal Revenue Code as adopted by this State is amended by striking out "January 1, 1975" in paragraph (1) and inserting in lieu thereof "January 1, 1978", (2) the amendments made by section 203(a)(1), (3), and (4) shall apply to expenditures paid or incurred after December 31,~~





~~1976, and before January 1, 1978, and expenditures made pursuant to a binding contract entered into before January 1, 1978, and (3) the amendment made by section 203(a)(2) shall apply to expenditures incurred after December 31, 1976), 204(a) and (c)(2) and (3) (A) and (B) (with respect to limitations on deductions for expenses for taxable years beginning after December 31, 1976, provided that the amendments made by section 204(a) shall apply to losses attributable to amounts paid or incurred in taxable years beginning after December 31, 1976, and for this purpose, any amount allowed or allowable for depreciation or amortization for any period shall be treated as an amount paid or incurred in such period, provided further that as adopted by this State (1) the date September 11, 1975, in section 204(c)(2)(A) shall read January 1, 1977, (2) the dates December 31, 1975, and September 10, 1975, respectively, in section 204(c)(2)(B) shall read December 31, 1976 and January 1, 1977, respectively, (3) the date January 1, 1976 in section 204(c)(3)(A) shall read January 1, 1977, (4) the date December 31, 1975 in section 204(c)(3)(B) shall read December 31, 1976, and (5) the~~



~~dates contained in section 204(c)(3)(C) shall be disregarded), 205(a), (b), and (c) (with respect to gain from the disposition of interest in oil or gas property for taxable years beginning after December 31, 1976; provided that section 1254 of the Internal Revenue Code as adopted by this State is amended by striking out "December 31, 1975" therein and inserting in lieu thereof "December 31, 1976"), 206(a) and (b) (with respect to gain from disposition of property used in farming where farm losses offset nonfarm income for taxable years beginning after December 31, 1976; provided that the adoption of section 206(a) shall not result in application of the excess deduction account for taxable years beginning before January 1, 1977), 207(a)(1), (b)(1) and (2) and (c)(1)(A), and (c)(3) (with respect to limitations on deductions in case of farming syndicates, capitalization of certain orchard and vineyard expenses, and method of accounting for corporations engaged in farming for taxable years beginning after December 31, 1976), 208(a) (with respect to prepaid interest for taxable years beginning after December 31, 1976), 209(a) and (b)(2) (with respect to limitation on interest deduction for taxable~~



~~years beginning after December 31, 1976, except where otherwise provided in section 209(b)(2); provided that as adopted by this State (1) the date "September 11, 1975" in section 209(b)(2) shall read "January 1, 1977", and (2) the date "September 10, 1975" in section 209(b)(2) shall read "December 31, 1976"), 210(a) (with respect to amortization of motion pictures, books, records, and other similar property for taxable years beginning after December 31, 1976), 212(a)(1) and (b)(1) (with respect to basis limitation for and recapture of depreciation on player contracts for taxable years beginning after December 31, 1976), 213(a) (with respect to dollar limitations in the case of partnerships with respect to additional first year depreciation allowance for taxable years beginning after December 31, 1976), (b)(1) and (3) (with respect to treatment of organization and syndication fees for taxable years after December 31, 1976), (c)(1) and (2) (with respect to allocation of partnership income and losses for taxable years beginning after December 31, 1976), (d) (with respect to determination of partner's distributive shares for taxable years beginning after December~~



~~31, 1976), and (c) (with respect to treatment of partnership liabilities with respect to which the partner is not personally liable for taxable years beginning after December 31, 1976), 214(a) (with respect to scope of waiver of statute of limitations in case of activities not engaged in for profit for taxable years beginning after December 31, 1976), 502(a) (with respect to deductions for alimony allowed in determining adjusted gross income for taxable years beginning after December 31, 1976), 506(a), (b), and (c) (with respect to moving expenses for taxable years beginning after December 31, 1976), 601(a) (with respect to deductions for expenses attributable to business use of home, rental of vacation homes, etc., for taxable years beginning after December 31, 1976), 602(a) (with respect to deductions for attending conventions for taxable years beginning after December 31, 1976), 605(a) (with respect to deductions for guarantees of business bad debts to guarantors not involved in business for taxable years beginning after December 31, 1976), 701(a) (2) and (3), (b), (c), (d), and (e) (2) (with respect to accumulation trusts~~



~~for taxable years beginning after December 31, 1976, provided that the reference in section 668 of the Internal Revenue Code to section 667 of the Internal Revenue Code shall be deemed a reference to section 235-58.1 relating to the treatment of amounts deemed distributed by trust in preceding years and the reference in section 641 of the Internal Revenue Code to section 644(b) of the Internal Revenue Code shall be deemed a reference to section 235-58.2(b) relating to the special rule for gain on property transferred to trusts at less than fair market value), 806(e), (f), as to special limitations on capital losses, and (g)(2) (with respect to limitations on net operating loss carryovers and capital losses effective for taxable years as provided in sections 806(g)(2)), 1401(a) and (b) (with respect to amounts of ordinary income against which capital loss may be offset for taxable years beginning after December 31, 1976), 1402(a), (b), (c), and (d) (with respect to increases in holding period required for capital gain or loss to be long term for six to nine months for taxable years beginning after December 31, 1976, and from nine months to one year for taxable years~~



~~beginning after December 31, 1977), 1404(a) (with respect to sales of residences by elders for taxable years beginning after December 31, 1976), 1501(a) and (b) (1) to (6) and (10) (with respect to retirement savings for certain married individuals for taxable years beginning after December 31, 1976), 1502(a) (1) and (2) (with respect to limitations on contributions to certain pension, etc., plans for taxable years beginning after December 31, 1976), 1503(a) (with respect to participation by members of reserves or national guard, and volunteer firefighters in individual retirement accounts, etc., for taxable years beginning after December 31, 1976), 1901(a) (22) (with respect to determination of marital status for taxable years beginning after December 31, 1976), (a) (66) (with respect to accounting methods for taxable years beginning after December 31, 1976), (a) (87) (with respect to the definition of property for taxable years beginning after December 31, 1976), (a) (128) (with respect to involuntary conversion for taxable years beginning after December 31, 1976), and (a) (136) (with respect to definition of terms applicable to capital gains and losses for taxable years~~



~~beginning after December 31, 1976), and (b) (3) (I) (with respect to taxable years beginning after December 31, 1976), and (b) (3) (K) (with respect to ordinary income for taxable years beginning after December 31, 1976; provided that provisions relating to the excess deduction account shall not apply), and (b) (14) (D) (with respect to taxable years beginning after December 31, 1976), 1904 (b) (10) (C) (with respect to taxable years beginning after January 31, 1977), 1951 (b) (7) (with respect to accounting methods for taxable years beginning after December 31, 1976; provided that notwithstanding the amendment made by section 1951 (b) (7), in the case of installment payments received during taxable years beginning after December 31, 1976, on account of a sale or other disposition made during a taxable year beginning before January 1, 1954, subsection (b) (1) of section 453 of the Internal Revenue Code (relating to sales of realty and casual sales of personalty) shall apply only if the income was (by reason of section 44 (b) of the Internal Revenue Code of 1939) returnable on the basis and in the manner prescribed in section 44 (a) of the Internal Revenue Code of 1939), 2004 (e)~~



~~(with respect to requirements for capital gain on stock redemptions to pay estate taxes for taxable years beginning after December 31, 1976, provided that the references in section 303(b)(1) of the Internal Revenue Code to the time limits in sections 6213, 6501(a), 6166, and 6166A of the Internal Revenue Code or the election under sections 6166 and 6166A of the Internal Revenue Code shall be followed by the State even though the State has not adopted such sections), 2005(b) (with respect to the use of certain appreciated carryover basis property to satisfy pecuniary request for taxable years beginning after December 31, 1976), and (c) (with respect to increases in basis for gift tax paid to that portion of gift tax attributable to net appreciation in value for taxable years beginning after December 31, 1976), 2101(b) (with respect to allowances of depreciation deduction by a cooperative housing corporation for taxable years beginning after December 31, 1976), 2102(a) and (b) (with respect to treatment of certain disaster payments for taxable years beginning after December 31, 1976), 2104(a) (with respect to deductions for bad debts owed by a~~





~~political party for taxable years beginning after December 31, 1976), 2110(a) (with respect to application of franchise rules to partnerships for taxable years beginning after December 31, 1976, provided that the amendments made by section 2110(a) shall apply to transactions described in section 731, 736, 741, or 751 of the Internal Revenue Code which occur after December 31, 1976, in taxable years ending after that date), 2118(a) (with respect to treatment of gain or loss on sales or exchanges in connection with simultaneous liquidation of a parent or subsidiary corporation for taxable years beginning after December 31, 1976), 2122(a) and (b) (2), (3), and (4) (with respect to allowances of deduction for eliminating architectural and transportation barriers for the handicapped for taxable years beginning after December 31, 1976 and before January 1, 1980), 2124(a) (1), (2), and (3) (with respect to the rehabilitation of certified historic structures with respect to additions to capital accounts made after December 31, 1976, and before June 15, 1981), (b) (1) (with respect to demolition of certain historic structures commencing after~~



~~December 31, 1976, and before January 1, 1981), (c) (1) (with respect to depreciation of rehabilitation expenditures of certified historical structures on that portion of the basis which is attributable to construction, reconstruction, or erection after December 31, 1976, and before January 1, 1981, provided that section 167(n) of the Internal Revenue Code as adopted by this State is amended by striking out "June 30, 1976" and inserting in lieu thereof "January 1, 1977"), (d) (1) (with respect to depreciation of rehabilitation expenditures of certified historical structures with respect to additions to capital account occurring after December 31, 1976, and before July 1, 1981), and (e) (1) (with respect to deductions for charitable contributions of partial interests in property for conservation purposes with respect to contributions made after December 31, 1976, and before June 14, 1977), 2127(a) (with respect to outdoor advertising displays for taxable years beginning after December 31, 1976), 2129(a) (with respect to gain from sale of depreciable property between related parties for taxable years beginning after December 31, 1976, provided the amendments made by section~~



~~2129(a) shall apply to sales or exchanges after December 31, 1976; and provided that a sale or exchange is considered to have occurred on or before such date if such sale or exchange is made pursuant to a binding contract entered into on or before such date), 2130 (with respect to application of section 117 of the Internal Revenue Code to certain education programs for members of the uniformed services), 2131(a), (b), (c), (d), and (e)(1) (with respect to exchange fund transfers made in taxable years ending after December 31, 1976; provided that (1) except as provided in (2) following, the amendment made by section 2131(a) shall apply to transfers made after December 31, 1976, in taxable years ending after such date; provided further that (2) the amendment made by section 2131(a) shall not apply to transfers made in accordance with a ruling issued by the Internal Revenue Service before February 18, 1976, holding that a proposed transaction would be a reorganization described in paragraph (1) of section 368(a) of the Internal Revenue Code; and (3) except as provided in (4) following, the amendments made by section 2131(b) and (c) shall apply to transfers made after December 31, 1976, in~~



~~taxable years ending after such date; provided further that (4) the amendments made by section 2131(b) and (c) shall not apply to transfers made on or before January 2, 1977, if: (A) either (i) a ruling request with respect to such transfers was filed with the federal Internal Revenue Service before March 27, 1976, or (ii) a registration statement with respect to such transfers was filed with the federal Securities and Exchange Commission before March 27, 1976, (B) the securities transferred were deposited on or before December 3, 1976, and (C) either (i) the aggregate value (determined as of the close of December 3, 1976, or, if earlier, the close of the deposit period) of the securities so transferred does not exceed \$100,000,000, or (ii) the securities transferred were all on deposit on February 29, 1976, pursuant to a registration statement referred to in (A) (ii) preceding;~~ provided further that (5) if no registration statement was required to be filed with the federal Securities and Exchange Commission with respect to the transfer of securities to any partnership, then (4) preceding shall be applied to such transfers (A) as if (4) preceding did not contain



~~(4) (A) (ii) preceding, and (B) by substituting "\$25,000,000" for "\$100,000,000" in (4) (C) (i) preceding; and provided further that (6) the amendments made by section 2131(d) and (e) shall take effect on January 1, 1977, in taxable years ending on or after such date), 2132(A) (with respect to contributions of certain government publications for taxable years beginning after December 31, 1976), 2135(a) (with respect to charitable contributions of inventory and other property for taxable years beginning after December 31, 1976), 2136(a) (with respect to treatment of grantor of options of stock, securities, and commodities for taxable years beginning after December 31, 1976), 2139(a) (with respect to support test for dependent children of divorced, etc., parents for taxable years beginning after December 31, 1976), 2140(a) (with respect to involuntary conversions of real property for taxable years beginning after December 31, 1976; provided that the amendments made by section 2140(a) shall apply with respect to any disposition of converted property (within the meaning of section 1033(a)(2) of the Internal Revenue Code) after December 31, 1976, unless a condemnation proceeding with~~



~~respect to such property began before such effective date), and 2141(a) (with respect to livestock sold on account of drought for taxable years beginning after December 31, 1976).~~

~~For taxable years beginning on or after January 1, 1978.~~

~~Public Law 94-455, section 505(a) and (b) (with respect to changes in exclusions for sick pay and certain military, etc., disability pensions; certain disability income for taxable years beginning after December 31, 1977; provided that where disability or annuity payments are excluded from taxation by section 235-7 the adoption of section 505(a) and (b) shall not make such payments taxable under this chapter)."]~~

1 SECTION 5. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 6. This Act shall take effect on July 1, 2016.



**Report Title:**

Income Tax; Internal Revenue Code

**Description:**

Amends or repeals Hawaii Income Tax laws to delete obsolete or unnecessary provisions. (SD1)

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

