July 5, 2017

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawai‘i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawai‘i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on July 5, 2017, the following bill was signed into law:

SB1002 SD1 HD1 RELATING TO CONFORMITY TO THE INTERNAL REVENUE CODE
ACT 095 (17)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai‘i
A BILL FOR AN ACT

RELATING TO CONFORMITY TO THE INTERNAL REVENUE CODE.

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

SECTION 1. The purpose of this Act is to conform Hawaii income and estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended.

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

"(a) For all taxable years beginning after December 31, [2015,] 2016, as used in this chapter, except as provided in section 235-2.35, "Internal Revenue Code" means subtitle A, chapter 1, of the federal Internal Revenue Code of 1986, as amended as of December 31, [2015,] 2016, as it applies to the determination of gross income, adjusted gross income, ordinary income and loss, and taxable income, except those provisions of the Internal Revenue Code and federal public laws which, pursuant to this chapter, do not apply or are otherwise limited in application and except for the provisions of Public Law 109-001 which apply to section 170 of the Internal Revenue Code.

The provisions of Public Law 109-001 to accelerate the deduction
for charitable cash contributions for the relief of victims of
the 2004 Indian Ocean tsunami are applicable for the calendar
year that ended December 31, 2004, and the calendar year ending
December 31, 2005.

Prior law shall continue to be used to determine:
(1) The basis of property, if a taxpayer first determined
the basis of property in a taxable year to which prior
law applies; and
(2) Gross income, adjusted gross income, ordinary income
and loss, and taxable income for a taxable year to
which prior law applies."

SECTION 3. Section 236E-3, Hawaii Revised Statutes, is
amended to read as follows:

"§236E-3 Conformance to the Internal Revenue Code; general
application. For all decedents dying after December 31, [2015,]
2016, as used in this chapter, "Internal Revenue Code" means
subtitle B of the federal Internal Revenue Code of 1986, as
amended as of December 31, [2015,] 2016, as it applies to the
determination of gross estate, adjusted gross estate, federal
taxable estate, and generation-skipping transfers, except those
provisions of the Internal Revenue Code and federal public laws
that, pursuant to this chapter, do not apply or are otherwise limited in application."

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval; provided that:

(1) Section 2 shall apply to taxable years beginning after December 31, 2016; and

(2) Section 3 shall apply to decedents dying or taxable transfers occurring after December 31, 2016.

APPROVED this 5 day of JUL, 2017

GOVERNOR OF THE STATE OF HAWAI'I
THE SENATE OF THE STATE OF HAWAII

Date: April 28, 2017
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017.

[Signature]
President of the Senate

[Signature]
Clerk of the Senate
THE HOUSE OF REPRESENTATIVES OF THE

STATE OF HAWAII

Date: April 7, 2017
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Third Reading in the
House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular
Session of 2017.

Joseph M. Souki
Speaker
House of Representatives

Brian L. Takeshita
Chief Clerk
House of Representatives