

Honolulu, Hawaii

APR 25 2018

RE: S.B. No. 2821
S.D. 1
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2821, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONFORMITY TO THE INTERNAL REVENUE CODE,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to conform Hawaii's income and estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended as of December 31, 2017.

Your Committee on Conference finds that close conformance of state tax laws to the Internal Revenue Code is normally recommended to ease the administration of state taxes. However, your Committee on Conference believes that, in light of multiple changes that have recently come into effect at the federal level, it is appropriate that state tax laws not conform to a number of provisions of the Internal Revenue Code.

SB2821 CD1 CCR LRB 18-2458.doc



Your Committee on Conference has amended this measure by:

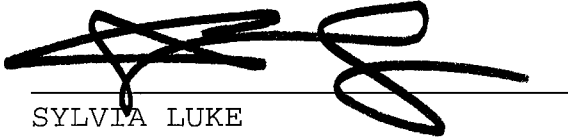
- (1) Deleting provisions that would make sections 162(f) (with respect to allowance of deductions for restitution or compliance with law payments), 529 (with respect to qualified tuition programs), and 529A (with respect to qualified ABLE programs) of the Internal Revenue Code inoperative for state income tax purposes;
- (2) Disallowing deductions, under section 162(f)(2), (3), and (4) of the Internal Revenue Code, for the payment of fines or penalties;
- (3) Disallowing the use of distributions from qualified tuition programs, under section 529 of the Internal Revenue Code, for elementary and secondary education;
- (4) Clarifying that, for generation-skipping transfer tax purposes, the applicable rate shall be determined using section 2642 of the Internal Revenue Code, as amended as of December 21, 2017;
- (5) Correcting a citation to the Hawaii Revised Statutes; and
- (6) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2821, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2821, S.D. 1, H.D. 1, C.D. 1.



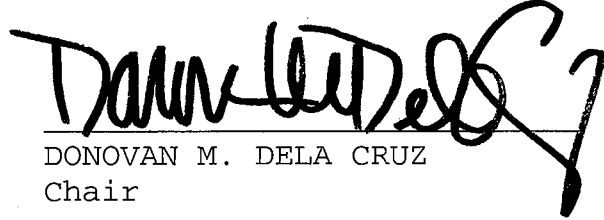
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE



SYLVIA LUKE
Chair

ON THE PART OF THE SENATE



DONOVAN M. DELA CRUZ
Chair



GILBERT S.C. KEITH-AGARAN
Co-Chair



Hawai'i State Legislature

CR 5-18

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 2821, SD 1, HD 1	Date/Time: 4/18/18 2:17 p.m.
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.


Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
DELA CRUZ, Donovan M., Chr.	/				LUKE, Sylvia, Chr.	/			
KEITH-AGARAN, Gilbert S.C., Co-Chr.	/				CULLEN, Ty J.K.	/			
GALUTERIA, Brickwood	/				WARD, Gene	/			
TOTAL	3				TOTAL	3			

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is:
 Adopted Not Adopted

House Recommendation is:
 Adopted Not Adopted

Senate Lead Chair's or Designee's Signature:


House Lead Chair's or Designee's Signature:


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