



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

GOV. MSG. NO. 654

May 24, 2006

The Honorable Robert Bunda, President
and Members of the Senate
Twenty-Third State Legislature
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

This is to inform you that on May 24, 2006, the following bill was signed into law:

HB2412 HD1 SD1 CD1

A BILL FOR AN ACT RELATING TO CONFORMITY
OF THE HAWAII INCOME TAX LAW TO THE
INTERNAL REVENUE CODE.
(ACT 124)

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

HOUSE OF REPRESENTATIVES
TWENTY-THIRD LEGISLATURE, 2006
STATE OF HAWAII

H.B. NO. 2412
H.D. 1
S.D. 1
C.D. 1

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. Section 235-2.3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§235-2.3 Conformance to the federal Internal Revenue**

4 **Code; general application.** (a) For all taxable years beginning

5 after December 31, ~~[2004]~~ 2005, as used in this chapter,

6 "Internal Revenue Code" means subtitle A, chapter 1, of the

7 federal Internal Revenue Code of 1986, as amended as of December

8 31, ~~[2004]~~ 2005, as it applies to the determination of gross

9 income, adjusted gross income, ordinary income and loss, and

10 taxable income, except those provisions of the Internal Revenue

11 Code and federal public laws which, pursuant to this chapter, do

12 not apply or are otherwise limited in application and except for

13 the provisions of Public Law 109-001 which apply to section 170

14 of the Internal Revenue Code. The provisions of Public Law 109-

15 001 to accelerate the deduction for charitable cash

16 contributions for the relief of victims of the 2004 Indian Ocean

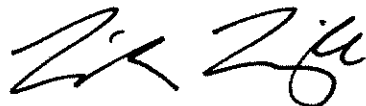


1 ~~(1)~~ (n) Section 7518 (with respect to capital
2 construction fund for commercial fishers) of the Internal
3 Revenue Code shall be operative for the purposes of this
4 chapter. Qualified withdrawals for the acquisition,
5 construction, or reconstruction of any qualified asset that is
6 attributable to deposits made before the effective date of this
7 section shall not reduce the basis of the asset when withdrawn.
8 Qualified withdrawals shall be treated on a first-in-first-out
9 basis."

10 SECTION 3. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 4. This Act shall take effect upon its approval
13 and shall apply to taxable years beginning after December 31,
14 2005; provided that section 235-2.45(h), Hawaii Revised
15 Statutes, shall apply to contributions made between August 28,
16 2005, to December 31, 2005.

APPROVED this 24 day of MAY, 2006



GOVERNOR OF THE STATE OF HAWAII

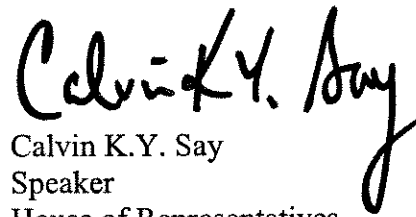


HB No. 2412 HD 1 SD 1 CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 2, 2006
Honolulu, Hawaii

We hereby certify that the foregoing Bill on this day passed Final Reading in the House of Representatives of the Twenty-Third Legislature of the State of Hawaii, Regular Session of 2006.



Calvin K.Y. Say
Speaker
House of Representatives



Patricia Mau-Shimizu
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAII

Date: May 2, 2006
Honolulu, Hawaii

We hereby certify that the foregoing Bill on this day passed Final Reading in the Senate of the Twenty-Third Legislature of the State of Hawaii, Regular Session of 2006.



Robert Buda
President of the Senate



Paul Kawaguchi
Clerk of the Senate