

STAND. COM. REP. NO.

3404

Honolulu, Hawaii

APR - 6 2006

RE: H.B. No. 2412  
H.D. 1  
S.D. 1

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2412, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONFORMITY OF THE HAWAII INCOME TAX LAW TO THE INTERNAL REVENUE CODE,"

begs leave to report as follows:

The purpose of this measure is to conform the Hawaii income tax law to the Internal Revenue Code.

Your Committee finds that this administrative measure is required under state law and was submitted by the Department of Taxation to conform Hawaii's income tax law to recent changes in the federal income tax law.

Specifically, this measure exempts Hawaii income tax law from the following Internal Revenue Code sections:

- (1) 14000, relating to education tax benefits;
- (2) 1400P, relating to housing tax benefits;
- (3) 1400R, relating to employment relief; and
- (4) 1400T, relating to special rules for mortgage revenue bonds.

The measure also adopts Internal Revenue Code sections:

HB2412 SD1 SSCR LRB 06-3010-1.doc



- (1) 1400N, relating to tax benefits for the Gulf Opportunity Zone; except that subsections 1400N(a), 1400N(b), 1400N(d), 1400N(e), 1400N(h), 1400N(l), 1400N(m), and 1400N(n) shall not be operative for the purposes of the state income tax law; and
- (2) 1400S, relating to additional tax relief provisions; except that subsection 1400S(d) shall not be operative for the purposes of the state income tax law.

Your Committee has amended the measure by:

- (1) Deleting section 2 of the measure, which does not contain any amendments and renumbering the measure's section numbers accordingly;
- (2) Limiting the applicability of section 235-2.45(h), Hawaii Revised Statutes, to contributions made between August 29 to December 31, 2005;
- (3) Changing the effective date of the bill to July 1, 2050, to foster continuing discussion on this matter; and
- (4) Making technical amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2412, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2412, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

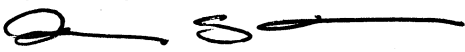


BRIAN T. TANIGUCHI, Chair



The Senate  
Twenty-Third Legislature  
State of Hawaii

Record of Votes of the  
Committee on Ways and Means  
(Bills and Resolutions)

Measure: HB 2412 HD1	Committee Referral: WAM	Date: 3/17/06		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to: <input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
TANIGUCHI, Brian T. (C)	/			
TSUTSUI, Shan S. (VC)	/			
ENGLISH, J. Kalani	/			
ESPERO, Will	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
INOUYE, Lorraine R.				/
KANNO, Brian				/
KIM, Donna Mercado	/			
KOKUBUN, Russell S.	/			
NISHIHARA, Clarence K.	/			
SAKAMOTO, Norman				/
HEMMINGS, Fred	/			
SLOM, Sam	/			
TRIMBLE, Gordon	/			
TOTAL	12	0	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Do not list more than one measure per Record of Votes.