

STAND. COM. REP. NO. 1612

Honolulu, Hawaii

April 9, 2009

RE: S.B. No. 971
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 971, S.D. 2, 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 bill is to conform state tax law to certain amendments to the Internal Revenue Code for calendar year 2008. In addition, this bill imposes the state income tax on employer paid pension income, except for the first \$50,000 each year.

The Department of Taxation, Military Officers Association of America, Hawaii Chapter, Tax Foundation of Hawaii, and a concerned individual commented on this bill.

Your Committee has amended this bill by:

- (1) Deleting the provision to make employer paid pension income subject to the state income tax;
- (2) Making certain penalty provisions under the Internal Revenue Code operative under state tax law;
- (3) Changing the effective date to July 1, 2009; and

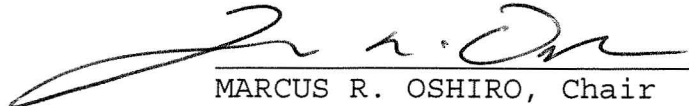
SB971 HD1 HSCR FIN HMS 2009-3599



- (4) Making technical, nonsubstantive changes for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 971, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 971, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



