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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. The purpose of this Act is to conform to the  
2 extended bonus depreciation and small business expensing  
3 provisions of the United States Internal Revenue Code.

4           SECTION 2. Section 235-2.4, Hawaii Revised Statutes, is  
5 amended by amending subsections (f) and (g) to read as follows:

6           "(f) Section 168 (with respect to the accelerated cost  
7 recovery system) of the Internal Revenue Code shall be operative  
8 for purposes of this chapter, except that provisions relating to  
9 property on Indian reservations in section 168(j) and [~~special~~  
10 ~~allowance for certain property acquired after September 10,~~  
11 ~~2001, and before January 1, 2005 (including the extension of~~  
12 ~~the] qualifying aircraft [~~placed in service before January 1,~~  
13 ~~2006),]~~ in section 168(k) shall not be operative for purposes of  
14 this chapter.~~

15           (g) Section 179 (with respect to the election to expense  
16 certain depreciable business assets) of the Internal Revenue  
17 Code shall be operative for purposes of this chapter, except  
18 that provisions relating to:



1 ~~[(1) The increase of the maximum deduction to \$100,000 for~~  
2 ~~taxable years beginning after 2002 and before 2008,~~  
3 ~~and the increase of the maximum deduction to \$125,000~~  
4 ~~for taxable years beginning after 2006 and before~~  
5 ~~2011, in section 179(b)(1);~~

6 ~~(2) The increase of the qualifying investment amount to~~  
7 ~~\$400,000 for taxable years beginning after 2002 and~~  
8 ~~before 2008, and the increase of the qualifying~~  
9 ~~investment amount to \$500,000 for taxable years~~  
10 ~~beginning after 2006 and before 2011, in section~~  
11 ~~179(b)(2);~~

12 ~~(3)]~~ (1) Defining section 179 property to include computer  
13 software in section 179(d)(1);

14 ~~[(4)]~~ (2) Inflation adjustments in section 179(b)(5); and

15 ~~[(5)]~~ (3) Irrevocable election in section 179(c)(2);

16 shall not be operative for the purposes of this chapter."

17 SECTION 3. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19 SECTION 4. This Act shall take effect upon its approval  
20 and shall apply to taxable years beginning after December 31,  
21 2007.



**Report Title:**

Extended Bonus Depreciation and Small Business Expensing;  
Conformance

**Description:**

Conforms with the extended bonus depreciation and small business  
expensing provisions of the Internal Revenue Code. (HB42 HD1)

