



GOV. MSG. NO. 1282

EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

June 28, 2012

The Honorable Shan Tsutsui, President
and Members of the Senate
Twenty-Sixth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Calvin Say, Speaker
and Members of the House
Twenty-Sixth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on June 28, 2012, the following bill was signed into law:

HB2605 HD1 SD1

RELATING TO CONFORMITY OF THE HAWAII
INCOME TAX LAW TO THE INTERNAL
REVENUE CODE.

Act 179 (12)



NEIL ABERCROMBIE
Governor, State of Hawaii

Approved by the Governor

on JUN 28 2012

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HOUSE OF REPRESENTATIVES
TWENTY-SIXTH LEGISLATURE, 2012
STATE OF HAWAII

H.B. NO. 2605
H.D. 1
S.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. The purpose of this Act is to conform Hawaii
2 income tax law to the Internal Revenue Code.

3 SECTION 2. Section 235-2.3, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) For all taxable years beginning after December 31,
6 [~~2010~~] 2011, as used in this chapter, except as provided in
7 section 235-2.35, "Internal Revenue Code" means subtitle A,
8 chapter 1, of the federal Internal Revenue Code of 1986, as
9 amended as of December 31, [~~2010~~] 2011, as it applies to the
10 determination of gross income, adjusted gross income, ordinary
11 income and loss, and taxable income, except those provisions of
12 the Internal Revenue Code and federal public laws which,
13 pursuant to this chapter, do not apply or are otherwise limited
14 in application and except for the provisions of Public Law 109-
15 001 which apply to section 170 of the Internal Revenue Code.
16 The provisions of Public Law 109-001 to accelerate the deduction
17 for charitable cash contributions for the relief of victims of



1 the 2004 Indian Ocean tsunami are applicable for the calendar
2 year that ended December 31, 2004, and the calendar year ending
3 December 31, 2005.

4 Sections 235-2, 235-2.1, and 235-2.2 shall continue to be
5 used to determine:

6 (1) The basis of property, if a taxpayer first determined
7 the basis of property in a taxable year to which such
8 sections apply, and if such determination was made
9 before January 1, 1978; and

10 (2) Gross income, adjusted gross income, ordinary income
11 and loss, and taxable income for a taxable year to
12 which such sections apply where such taxable year
13 begins before January 1, 1978."

14 SECTION 3. Section 235-2.35, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "§235-2.35 Operation of certain Internal Revenue Code
17 provisions not operative under section 235-2.3. The following
18 sections of the federal Internal Revenue Code of 1986, as
19 amended, shall be operative for purposes of this chapter:

20 [~~(1) Section 6041 as applicable to persons under section~~
21 ~~6041(h) (with respect to information returns at the~~
22 ~~source for certain corporations);]~~



1 ~~[-2-]~~ (1) Section 6038D (with respect to information with
2 respect to foreign financial assets). With respect to
3 persons required to report information under this
4 section, section 6662(j) (with respect to imposition
5 of accuracy-related penalties on underpayments) and
6 section 6501(e) (1) (A) (ii) (with respect to limitations
7 on assessment and collection) shall also be operative
8 for purposes of this chapter and shall be applied
9 consistently with the correlating provisions of
10 sections 231-36.6 and 235-111;

11 ~~[-3-]~~ (2) Section 6045B (with respect to returns relating
12 to actions affecting basis in securities); and

13 ~~[-4-]~~ (3) Section 6050W (with respect to returns relating
14 to payments made in settlement of payment card and
15 third party network transactions)."

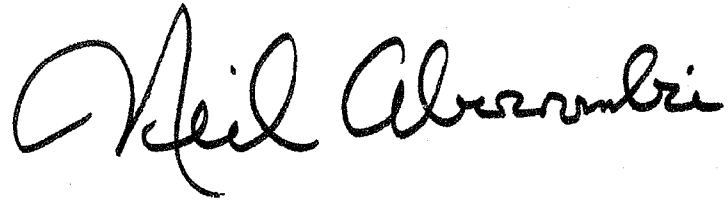
16 SECTION 4. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 5. This Act shall take effect upon its approval;
19 provided that sections 2 and 3 of this Act shall apply to the
20 taxable years beginning after December 31, 2011.



H.B. NO. 2605
H.D. 1
S.D. 1

APPROVED this 28 day of JUN , 2012

A handwritten signature in black ink, reading "Neil Abernethy". The signature is written in a cursive style with a large initial "N".

GOVERNOR OF THE STATE OF HAWAII