

STAND. COM. REP. NO. **505**

Honolulu, Hawaii

FEB 28 2013

RE: S.B. No. 1184
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1184 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 and intent of this measure is to conform the state income tax law to the Internal Revenue Code.

Prior to the public hearing on this measure, your Committee circulated for review and comment a proposed draft of this measure. The proposed draft amended the measure by deleting its contents and replacing them with conforming amendments to the state income tax law that are based on amendments made to the Internal Revenue Code from January 1, 2012, to January 2, 2013.

Your Committee received testimony in support of the proposed draft from the Department of Taxation.

Your Committee received comments on the proposed draft from the Tax Foundation of Hawaii.

Your Committee finds that the annual income tax conformity measure usually adopts the Internal Revenue Code as it exists on the last day of the preceding calendar year. However, due to protracted negotiations, the American Taxpayer Relief Act of 2012 was not signed into law until January 2, 2013. Your Committee further finds that the provisions of the proposed draft serve to

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ensure that all amendments to sections of the Internal Revenue Code that are operative for state purposes are updated.

Your Committee has amended this measure by replacing its contents with the contents of the proposed draft.

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 S.B. No. 1184, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1184, 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,



DAVID Y. IGE, Chair



