

STAND. COM. REP. NO. 1911

Honolulu, Hawaii
, 2019

APR 01
RE: S.B. No. 1130
S.D. 1
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1130, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to conform certain Hawaii income tax laws to the Internal Revenue Code. Specifically, this measure:

- (1) Specifies that the Internal Revenue Code section 512(a)(7), with respect to increases in unrelated business taxable income by disallowed fringe, is not operative in Hawaii income tax law;
- (2) Conforms Hawaii income and estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended as of December 31, 2018;
- (3) Effectuates federal tax benefits for opportunity zone investments and limiting those benefits to investments in opportunity zones designated by the Governor; and
- (4) Clarifies wording regarding the Hawaii applicable exclusions amount.



The Department of Taxation, Hawai'i Alliance of Nonprofit Organizations, and an individual supported this measure. The University of Hawai'i Foundation and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 1130, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1130, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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



SYLVIA LUKE, Chair



