
A BILL FOR AN ACT

RELATING TO CONFORMITY 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 and estate and generation-skipping transfer tax laws to
3 the Internal Revenue Code.

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

6 "(a) For all taxable years beginning after December 31,
7 [~~2018,~~] 2019, as used in this chapter, except as provided in
8 section 235-2.35, "Internal Revenue Code" means subtitle A,
9 chapter 1, of the federal Internal Revenue Code of 1986, as
10 amended as of December 31, [~~2018,~~] 2019, as it applies to the
11 determination of gross income, adjusted gross income, ordinary
12 income and loss, and taxable income, except those provisions of
13 the Internal Revenue Code and federal public laws which,
14 pursuant to this chapter, do not apply or are otherwise limited
15 in application and except for the provisions of Public Law 109-
16 001 which apply to section 170 of the Internal Revenue Code.
17 The provisions of Public Law 109-001 to accelerate the deduction



1 for charitable cash contributions for the relief of victims of
2 the 2004 Indian Ocean tsunami are applicable for the calendar
3 year that ended December 31, 2004, and the calendar year ending
4 December 31, 2005.

5 Prior law shall continue to be 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 prior
8 law applies; and

9 (2) Gross income, adjusted gross income, ordinary income
10 and loss, and taxable income for a taxable year to
11 which prior law applies."

12 SECTION 3. Section 235-2.4, Hawaii Revised Statutes, is
13 amended by amending subsection (ee) to read as follows:

14 "(ee) Sections 512 to 514 (with respect to taxation of
15 business income of certain exempt organizations) of the Internal
16 Revenue Code shall be operative for the purposes of this chapter
17 as provided in this subsection.

18 "Unrelated business taxable income" means the same as in
19 the Internal Revenue Code, except that:

20 (1) In the computation of unrelated business taxable
21 income[+],
income[+],



1 ~~[(A) Sections]~~ sections 235-3 to 235-5, and 235-7

2 (except subsection (c)), shall apply; ~~and~~

3 ~~(B) Section 512(a)(7) shall not apply;~~

4 (2) In the determination of the net operating loss
5 deduction there shall not be taken into account any
6 amount of income or deduction that is excluded in
7 computing the unrelated business taxable income; and

8 (3) Unrelated business taxable income shall not include
9 any income from a legal service plan.

10 For a person described in section 401 or 501 of the
11 Internal Revenue Code, as modified by section 235-2.3, the tax
12 imposed by section 235-51 or 235-71 shall be imposed upon the
13 person's unrelated business taxable income."

14 SECTION 4. Section 236E-3, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§236E-3 Conformance to the Internal Revenue Code; general**
17 **application.** For all decedents dying, or transfers occurring,
18 after December 31, ~~[2018]~~ 2019, as used in this chapter,
19 "Internal Revenue Code" means subtitle B of the federal Internal
20 Revenue Code of 1986, as amended as of December 31, ~~[2018]~~
21 2019, as it applies to the determination of gross estate,



1 adjusted gross estate, federal taxable estate, and generation-
2 skipping transfers, except those provisions of the Internal
3 Revenue Code and federal public laws that, pursuant to this
4 chapter, do not apply or are otherwise limited in application."

5 SECTION 5. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 6. This Act shall take effect upon its approval;
8 provided that:

9 (1) Sections 2 and 3 shall apply to taxable years
10 beginning after December 31, 2019; and

11 (2) Section 4 shall apply to decedents dying or taxable
12 transfers occurring after December 31, 2019.



Report Title:

Conformity to the Internal Revenue Code for 2019; Income Tax;
Estate and Generation-skipping Transfer Tax

Description:

Conforms Hawaii income and estate and generation-skipping
transfer tax laws to the Internal Revenue Code of 1986, as
amended as of 12/31/2019. (SD1)

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not legislation or evidence of legislative intent.*

