

STAND. COM. REP. NO. 395

Honolulu, Hawaii

FEB 18 2021

RE: S.B. No. 1240
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1240 entitled:

"A BILL FOR AN ACT RELATING TO TAX CONFORMITY,"

begs leave to report as follows:

The purpose and intent of this measure is to require the State to conform to those provisions of the federal Consolidated Appropriations Act, 2021, relating to taxable income and deductible expenses.

Your Committee received testimony in support of this measure from Chamber of Commerce Hawaii; Hawaii Restaurant Association; Island Plastic Bags, Inc.; Hawaii Food Industry Association; Maui Chamber of Commerce; Hawaii Lodging and Tourism Association; Hawaii Association of Public Accountants; and one individual.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the federal Paycheck Protection Program helped tens of thousands of businesses in the State to shoulder the economic downturn caused by the coronavirus disease 2019 (COVID-19) pandemic. Your Committee further finds that this measure will provide much-needed tax relief to small businesses that continue to struggle in the current economic climate, by allowing businesses to deduct, from their Hawaii taxes, those



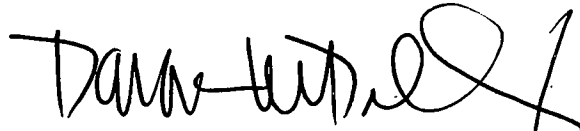
payroll and other business expenses paid using Paycheck Protection Program loan proceeds.

Your Committee has amended this measure by:

- (1) Correcting the name of the Consolidated Appropriations Act, 2021; and
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

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. 1240, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1240, 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,

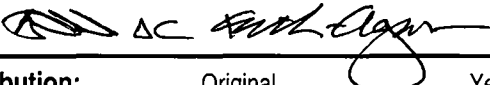


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 1240	Committee Referral: WAM	Date: 2/10/21		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.				X
TANIGUCHI, Brian T.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	10			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes