

STAND. COM. REP. NO. 1037

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 1398
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1398 entitled:

"A BILL FOR AN ACT RELATING TO CONFORMITY TO THE INTERNAL REVENUE CODE,"

begs leave to report as follows:

The purpose and intent of this measure is to conform Hawaii income and estate and generation-skipping transfer tax laws to the Internal Revenue Code.

Your Committee received written comments in support of this measure from the Department of Taxation.

Your Committee received written comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that this annual conformity measure is submitted by the Department of Taxation in compliance with section 235-2.5, Hawaii Revised Statutes, which requires the Department to annually submit a measure to maintain state income tax conformity with the federal Internal Revenue Code. This measure is also intended to comply with section 236E-4, Hawaii Revised Statutes, which requires the Department to annually submit a measure to maintain state estate and generation-skipping transfer tax conformity with the federal Internal Revenue Code. The purpose of conformity is to update the state tax laws with those changes made




to the federal Internal Revenue Code during the past year and to adopt those changes that are appropriate for Hawaii law.

Your Committee has amended this measure by:

- (1) Making corrections to the quoted text of section 235-2.5, Hawaii Revised Statutes, in the measure to accurately reflect the printed version of the Hawaii Revised Statutes;
- (2) Clarifying that sections 3 and 4 of the measure shall apply to taxable years beginning after December 31, 2022;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

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. 1398, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1398, S.D. 1.

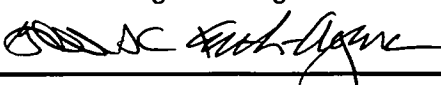
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Second Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SBI398	Committee Referral: JDC, WAM	Date: 8/28/23		
<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			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13			
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