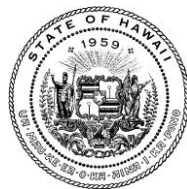


JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



STATE OF HAWAII  
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau  
P.O. BOX 259

HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 2484, H.D.1, Relating to Conformity to the Internal Revenue Code.

**BEFORE THE:**

Senate Committee on Ways and Means

**DATE:** Thursday, March 28, 2024

**TIME:** 9:50 a.m.

**LOCATION:** State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

The Department of Taxation (“Department”) supports H.B. 2484, H.D. 1, an Administration measure, and offers the following comments for your consideration. The measure would take effect on July 1, 3000.

H.B. 2484, H.D. 1 conforms Hawaii’s income and estate and generation-skipping transfer taxes to the Internal Revenue Code (IRC) as of December 31, 2023. Sections 235-2.5 (c) and 236E-4, Hawaii Revised Statutes (HRS), require the Department to submit legislation to each regular session of the legislature to adopt the IRC as it exists on the December 31 preceding the regular session.

Section 2 of the measure amends section 235-2.3(a), HRS, to conform Hawaii income tax law to the operative IRC sections of subtitle A, chapter 1, as amended by December 31, 2023. Subtitle A, chapter 1, refers to IRC sections 1-1400 A-2. Section 3 of the measure amends section 236E-3, HRS, to conform the Hawaii estate and generation-skipping transfer tax law to the operative IRC sections of subtitle B, as amended as of December 31, 2023. Generally, subtitle B of the IRC contains the estate tax provisions and consists of IRC sections 2001-2801.

The United States Congress enacted the following tax measures during 2023, which the Department analyzed to determine if amendments to conformity were necessary:

1. Airport and Airway Extension Act of 2023, Part II; Pub. L. 118-34, enacted December 26, 2023;
2. Further Continuing Appropriations and Other Extensions Act, 2024; Pub. L. 118-22, enacted November 16, 2023;
3. Continuing Appropriations Act, 2024 and Other Extensions Act; Pub. L. 118-15, enacted September 30, 2023.

There are no significant impacts to Hawaii's adoption of the updated IRC sections from the passage of these three laws.

Thank you for the opportunity to provide testimony in support of this measure.

# TAX FOUNDATION OF HAWAII

---

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

---

SUBJECT: INCOME, ESTATE, Conformity to Internal Revenue Code

BILL NUMBER: HB 2484 HD 1

INTRODUCED BY: House Committee on Finance

EXECUTIVE SUMMARY: Conforms Hawai'i income and estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended as of December 31, 2023.

SYNOPSIS: Amends HRS section 235-2.3(a) by changing the date references to make the Internal Revenue Code (IRC) applicable for state income tax purposes as it was amended on 12/31/23 for tax years beginning after 12/31/23.

Amends HRS section 236E-3 by changing the date references to make the IRC applicable for state estate and generation-skipping tax purposes as it was amended on 12/31/23 for decedents dying or taxable transfers occurring after 12/31/23.

EFFECTIVE DATE: July 1, 3000; provided that Section 2 shall apply to taxable years beginning after December 31, 2023; and Section 3 shall apply to decedents dying or taxable transfers occurring after December 31, 2023.

STAFF COMMENTS: This is the annual conformity measure submitted by the department of taxation TAX-01 (24) in compliance with HRS section 235-2.5 which requires the department to annually submit a measure to maintain state income tax conformity with the federal Internal Revenue Code, and in compliance with HRS section 236E-4 which requires the department to annually submit a measure to maintain state estate and generation-skipping 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 Code during the past year and to adopt those changes that are appropriate for Hawaii law.

Digested: 3/28/2024