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# A BILL FOR AN ACT

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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 ~~[2023]~~ 2024, as used in this chapter, except as provided in  
8 this section and sections 235-2.35, 235-2.4, and 235-2.45,  
9 "Internal Revenue Code" means subtitle A, chapter 1, of the  
10 federal Internal Revenue Code of 1986, as amended as of December  
11 31, ~~[2023]~~ 2024, as it applies to the determination of gross  
12 income, adjusted gross income, ordinary income and loss, and  
13 taxable income, except those provisions of the Internal Revenue  
14 Code which, pursuant to this chapter, do not apply or are  
15 otherwise limited in application.

16       Sections 9672(1) (relating to tax treatment of targeted  
17 EIDL advances) and 9673(1) (relating to tax treatment of  
18 restaurant revitalization grants) of Public Law 117-2 shall be

operative for purposes of this chapter. No amount received under section 9601 (relating to 2021 recovery rebates to individuals) of Public Law 117-2 shall be included in gross income for purposes of this chapter.

Sections 276(b)(1) (relating to subsequent paycheck protection program loans), 277 (relating to emergency financial aid grants), 278(b)(1) (relating to emergency EIDL grants and targeted EIDL advances), 278(c)(1) (relating to subsidy for certain loan payments), and 278(d)(1) (relating to grants for shuttered venue operators) of Division N of Public Law 116-260 shall be operative for purposes of this chapter. Sections 213 (relating to modification of limitations on charitable contributions) and 214 (relating to temporary special rules for health and dependent care flexible spending arrangements) of Division EE of Public Law 116-260 shall be operative for purposes of this chapter. Sections 301, 302, and 304 (relating to disaster tax relief) of Division EE of Public Law 116-260 shall be operative for purposes of this chapter. No amount received under section 272 (relating to additional 2020 recovery rebates for individuals) of Division N of Public Law 116-260 shall be included in gross income for purposes of this chapter.

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Sections 1106(i) (relating to exclusion of loan forgiveness from gross income), 2202(b) (relating to loans from retirement plans), and 2205 (relating to charitable contributions) of Public Law 116-136 shall be operative for purposes of this chapter. No amount received under section 2201 (relating to recovery rebates) of Public Law 116-136 shall be included in gross income for purposes of this chapter.

Section 2202(a) (relating to tax-favored withdrawals from retirement plans) of Public Law 116-136 shall be operative for purposes of this chapter and shall apply to taxable years beginning after December 31, 2019.

Prior law shall continue to be used to determine:

- (1) The basis of property, if a taxpayer first determined the basis of property in a taxable year to which prior law applies; and
- (2) Gross income, adjusted gross income, ordinary income and loss, and taxable income for a taxable year to which prior law applies."

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

"§236E-3 Conformance to the Internal Revenue Code; general application. For all decedents dying, or transfers occurring,

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1 after December 31, [~~2023,~~] 2024, as used in this chapter,  
2 "Internal Revenue Code" means subtitle B of the federal Internal  
3 Revenue Code of 1986, as amended as of December 31, [~~2023,~~]  
4 2024, as it applies to the determination of gross estate,  
5 adjusted gross estate, federal taxable estate, and generation-  
6 skipping transfers, except those provisions of the Internal  
7 Revenue Code and federal public laws that, pursuant to this  
8 chapter, do not apply or are otherwise limited in application."

9 SECTION 4. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 5. This Act shall take effect upon its approval;  
12 provided that:

13 (1) Section 2 shall apply to taxable years beginning after  
14 December 31, 2024; and

15 (2) Section 3 shall apply to decedents dying or taxable  
16 transfers occurring after December 31, 2024.

17  
18 INTRODUCED BY:



19 BY REQUEST

JAN 21 2025

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**Report Title:**

Conformity to the Internal Revenue Code for 2024; 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 December 31, 2024.

*The summary description of legislation appearing on this page is for informational purposes only and is  
not legislation or evidence of legislative intent.*

## JUSTIFICATION SHEET

DEPARTMENT: Taxation

TITLE: A BILL FOR AN ACT RELATING TO CONFORMITY TO THE INTERNAL REVENUE CODE.

PURPOSE: To amend Hawaii's income and estate and generation-skipping transfer tax laws to conform to changes made to the Internal Revenue Code in calendar year 2024.

MEANS: Amend sections 235-2.3(a) and 236E-3, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Sections 235-2.5(c) and 236E-4(c), HRS, mandate that the Department submit to each regular session of the Legislature a bill that amends Hawaii's income and estate and generation-skipping transfer tax laws to conform to changes in the Internal Revenue Code.

This bill amends section 235-2.3(a) and section 236E-3, HRS, by changing the date as of which Hawaii adopts the Internal Revenue Code to December 31, 2024.

These changes adopt income and estate and generation-skipping transfer tax law changes made in the 2024 calendar year.

Impact on the public:  
Conforming to all amendment provisions of the Internal Revenue Code will minimize the taxpayer's burdens in complying with Hawaii's income and estate and generation-skipping transfer tax laws and simplify their filing of returns.

Impact on the department and other agencies:  
Conforming Hawaii's income and estate and generation-skipping transfer tax laws to those of the Internal Revenue Code will increase consistency between the state and federal jurisdictions.

GENERAL FUND: Indeterminate.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: None.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval; income tax changes shall apply to taxable years beginning after December 31, 2024, and estate and generation-skipping transfer tax changes shall apply to decedents dying or taxable transfers occurring after December 31, 2024.