



GOV. MSG. NO. 842

EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

May 22, 2007

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fourth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on May 22, 2007, the following bill was signed into law:

HB1411 HD2 SD1

A BILL FOR AN ACT RELATING TO CONFORMITY  
OF THE HAWAII INCOME TAX LAW TO THE  
INTERNAL REVENUE CODE.  
(ACT 084)

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

Approved by the Governor

on MAY 22 2007

HOUSE OF REPRESENTATIVES  
TWENTY-FOURTH LEGISLATURE, 2007  
STATE OF HAWAII

**ACT 084**  
**H.B. NO.** 1411  
H.D. 2  
S.D. 1

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## A BILL FOR AN ACT

RELATING TO CONFORMITY OF THE HAWAII INCOME TAX LAW TO THE  
INTERNAL REVENUE CODE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Section 235-2.3, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:  
3 "(a) For all taxable years beginning after December 31,  
4 [~~2005-~~] 2006, as used in this chapter, "Internal Revenue Code"  
5 means subtitle A, chapter 1, of the federal Internal Revenue  
6 Code of 1986, as amended as of December 31, [~~2005-~~] 2006, as it  
7 applies to the determination of gross income, adjusted gross  
8 income, ordinary income and loss, and taxable income, except  
9 those provisions of the Internal Revenue Code and federal public  
10 laws which, pursuant to this chapter, do not apply or are  
11 otherwise limited in application and except for the provisions  
12 of Public Law 109-001 which apply to section 170 of the Internal  
13 Revenue Code. The provisions of Public Law 109-001 to  
14 accelerate the deduction for charitable cash contributions for  
15 the relief of victims of the 2004 Indian Ocean tsunami are  
16 applicable for the calendar year that ended December 31, 2004,  
17 and the calendar year ending December 31, 2005.



1 Sections 235-2, 235-2.1, and 235-2.2 shall continue to be  
2 used to determine:

3 (1) The basis of property, if a taxpayer first determined  
4 the basis of property in a taxable year to which such  
5 sections apply, and if such determination was made  
6 before January 1, 1978; and

7 (2) Gross income, adjusted gross income, ordinary income  
8 and loss, and taxable income for a taxable year to  
9 which such sections apply where such taxable year  
10 begins before January 1, 1978."

11 SECTION 2. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 3. This Act shall take effect upon its approval  
14 and shall apply to taxable years beginning after December 31,  
15 2006; provided that the retroactive and prospective effective  
16 dates contained in the congressional acts relating to the  
17 Internal Revenue Code and enacted during 2006 shall be operative  
18 for chapter 235, Hawaii Revised Statutes.



H.B. NO. 1411  
H.D. 2  
S.D. 1

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APPROVED this 22 day of MAY, 2007



GOVERNOR OF THE STATE OF HAWAII