

Honolulu, Hawaii

MAR 19 2007

RE: H.B. No. 1411
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which
was referred H.B. No. 1411, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CONFORMITY OF THE HAWAII
INCOME TAX LAW TO THE INTERNAL REVENUE CODE,"

begs leave to report as follows:

The purpose of this measure is to amend Hawaii's income tax
law to conform with changes to the Internal Revenue Code.

Testimony in support of this measure was received from the
Department of Taxation (Department). The Tax Foundation of Hawaii
submitted comments.

Your Committee received a fiscal impact statement from the
Department that the measure will reduce income tax revenues at an
annual rate of about \$1,500,000 in fiscal year 2008.

Your Committee notes the Tax Foundation's comments regarding
the effective date of this measure, which is upon approval, but
does not specify the applicable taxable year. Tax changes for
Hawaii are usually adopted for a tax year to ensure compliance and
simplicity. This year, however, there were five congressional
income tax enactments, four of which contained a number of
amendments and many retroactive and prospective effective dates.

In addition, your Committee recognizes that section
235-2.5(a)(3), Hawaii Revised Statutes, addresses retroactive



provisions in federal public laws, recognizing that the retroactive dates in the federal Internal Revenue Code shall be operative. However, changes in federal laws in 2006 contained so many and varied effective dates that your Committee has ensured their adoption by placing language in the effective date to state clearly that those retroactive and prospective dates are operative for Hawaii. In addition, your Committee has made technical, nonsubstantive amendments to conform the measure to preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1411, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1411, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,



CAROL FUKUNAGA, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">HB 1411 HD2</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">EDT, WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">3/13/07</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam		✓		
TOTAL	3	1		1
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; text-align: center;">Will Espero</div>				
<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> Distribution: </div> <div style="width: 30%; text-align: center;"> Original File with Committee Report </div> <div style="width: 30%; text-align: center;"> Yellow Clerk's Office </div> <div style="width: 30%; text-align: center;"> Pink Drafting Agency </div> </div>				

*Only one measure per Record of Votes