Honolulu, Hawaii

FEB 2 8 2013

RE: S.B. No. 1184

S.D. 1

Honorable Donna Mercado Kim President of the Senate Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1184 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 and intent of this measure is to conform the state income tax law to the Internal Revenue Code.

Prior to the public hearing on this measure, your Committee circulated for review and comment a proposed draft of this measure. The proposed draft amended the measure by deleting its contents and replacing them with conforming amendments to the state income tax law that are based on amendments made to the Internal Revenue Code from January 1, 2012, to January 2, 2013.

Your Committee received testimony in support of the proposed draft from the Department of Taxation.

Your Committee received comments on the proposed draft from the Tax Foundation of Hawaii.

Your Committee finds that the annual income tax conformity measure usually adopts the Internal Revenue Code as it exists on the last day of the preceding calendar year. However, due to protracted negotiations, the American Taxpayer Relief Act of 2012 was not signed into law until January 2, 2013. Your Committee further finds that the provisions of the proposed draft serve to

SB1184 SD1 SSCR LRB 13-1263.doc

ensure that all amendments to sections of the Internal Revenue Code that are operative for state purposes are updated.

Your Committee has amended this measure by replacing its contents with the contents of the proposed draft.

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. 1184, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1184, S.D. 1, and be placed on the calendar for Third Reading.

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

DAVID Y. IGE Chair

The Senate Twenty-Seventh Legislature State of Hawai'i

Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*	Committee Referral:			Date:		
SB 1184	WA	M	2-	12-13		
The committee is reconsidering its previous decision on this measure.						
If so, then the previous decision was to:						
The Recommendation is:						
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313						
Members		Aye	Aye (WR)	Nay	Excused	
IGE, David Y. (C)		_ i/			-	
KIDANI, Michelle N. (VC)		1/				
CHUN OAKLAND, Suzanne		V				
DELA CRUZ, Donovan M.		i				
ENGLISH, J. Kalani		سسسا				
ESPERO, Will		i				
KAHELE, Gilbert			·		V]
KEITH-AGARAN, Gilbert S.C.		1/			4	. 1,
KOUCHI, Ronald D.		_V_			WA	muy
RUDERMAN, Russell E.						
THIELEN, Laura H.						
TOKUDA, Jill N.		·			V	
SLOM, Sam				-		
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TOTAL		<i>i 0</i>	0	1	3 2	mul
Recommendation: Adopted Not Adopted						- Page
Chair's or Designee's Signature: Muchelle A Kelini						
Distribution: Original File with Committee Re		ellow 's Office [Pink Drafting Agency		denrod ee File Copy	

*Only one measure per Record of Votes