



GOV. MSG. NO. 1191

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

June 25, 2021

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Thirty First State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirty First State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 25, 2021, the following bill was signed into law:

HB1041 HD1 SD1

RELATING TO CONFORMITY TO THE INTERNAL  
REVENUE CODE  
**ACT 089 (21)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

Approved by the Governor

on JUN 25 2021

HOUSE OF REPRESENTATIVES  
THIRTY-FIRST LEGISLATURE, 2021  
STATE OF HAWAII

**ORIGINAL**

**ACT 089**  
**H.B. NO.**

1041  
H.D. 1  
S.D. 1

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## A BILL FOR AN ACT

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 ~~[2019,]~~ 2020, as used in this chapter, except as provided in  
8 this section and section 235-2.35, "Internal Revenue Code" means  
9 subtitle A, chapter 1, of the federal Internal Revenue Code  
10 of 1986, as amended as of ~~[March 27, 2020,]~~ December 31, 2020,  
11 as it applies to the determination of gross income, adjusted  
12 gross income, ordinary income and loss, and taxable income,  
13 except those provisions of the Internal Revenue Code which,  
14 pursuant to this chapter, do not apply or are otherwise limited  
15 in application.

16       Sections 276(b)(1) (relating to subsequent paycheck  
17 protection program loans), 277 (relating to emergency financial

1 aid grants), 278(b)(1) (relating to emergency EIDL grants and  
2 targeted EIDL advances), 278(c)(1) (relating to subsidy for  
3 certain loan payments), and 278(d)(1) (relating to grants for  
4 shuttered venue operators) of Division N of Public Law 116-260  
5 shall be operative for purposes of this chapter. Sections 213  
6 (relating to modification of limitations on charitable  
7 contributions) and 214 (relating to temporary special rules for  
8 health and dependent care flexible spending arrangements) of  
9 Division EE of Public Law 116-260 shall be operative for  
10 purposes of this chapter. Sections 301, 302, and 304 (relating  
11 to disaster tax relief) of Division EE of Public Law 116-260  
12 shall be operative for purposes of this chapter. No amount  
13 received under section 272 (relating to additional 2020 recovery  
14 rebates for individuals) of Division N of Public Law 116-260  
15 shall be included in gross income for purposes of this chapter.

16       Sections [~~1106(i)-(relating)~~] 1106(i) (relating to exclusion  
17 of loan forgiveness from gross income), [2202(b)-(relating)]  
18 2202(b) (relating to loans from retirement plans), and 2205  
19 (relating to charitable contributions) of Public Law 116-136  
20 shall be operative for purposes of this chapter. No amount  
21 received under section 2201 (relating to recovery rebates) of



1 Public Law 116-136 shall be included in gross income for  
2 purposes of this chapter.

3 Prior law shall continue to be used to determine:

4 (1) The basis of property, if a taxpayer first determined  
5 the basis of property in a taxable year to which prior  
6 law applies; and

7 (2) Gross income, adjusted gross income, ordinary income  
8 and loss, and taxable income for a taxable year to  
9 which prior law applies."

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

12 **"§236E-3 Conformance to the Internal Revenue Code; general**  
13 **application.** For all decedents dying, or transfers occurring,  
14 after December 31, [~~2019,~~] 2020, as used in this chapter,  
15 "Internal Revenue Code" means subtitle B of the federal Internal  
16 Revenue Code of 1986, as amended as of December 31, [~~2019,~~]  
17 2020, as it applies to the determination of gross estate,  
18 adjusted gross estate, federal taxable estate, and  
19 generation-skipping transfers, except those provisions of the  
20 Internal Revenue Code and federal public laws that, pursuant to



1 this chapter, do not apply or are otherwise limited in  
2 application."

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

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

7 (1) Section 2 shall apply to taxable years beginning after  
8 December 31, 2020; and

9 (2) Section 3 shall apply to decedents dying or taxable  
10 transfers occurring after December 31, 2020.

APPROVED this 25 day of JUN, 2021



GOVERNOR OF THE STATE OF HAWAII



HB No. 1041, HD 1, SD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 27, 2021  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2021.



Scott K. Saiki  
Speaker  
House of Representatives

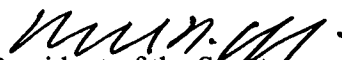



Brian L. Takeshita  
Chief Clerk  
House of Representatives

**THE SENATE OF THE STATE OF HAWAI'I**

Date: April 13, 2021  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Third Reading in the Senate  
of the Thirty-First Legislature of the State of Hawai'i, Regular Session of 2021.

  
President of the Senate

  
Clerk of the Senate