

**ACT 8**

S. B. 112.

A Bill for an Act Relating to the Net Income Tax and Amending Chapter 121, Revised Laws of Hawaii 1955, as Amended.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. This Act is hereby declared to be an urgency measure deemed necessary in the public interest within the meaning of section 11 of Article III of the Constitution of the State of Hawaii.

The following is a statement of facts constituting such urgency:

Under the present law, only persons with adjusted gross income of less than \$6,000 are permitted to file the Hawaii net income tax short-form return. The present law also permits such persons to determine their net income tax liability from prepared tax tables. Regulations under the Internal Revenue Code have been changed so that the amount permissible for filing short-

form federal returns is "less than \$10,000," which change simplifies the procedure for filing net income tax returns for a substantial segment of the nation's population. Such regulations also permit prepared tax tables to be used by taxpayers with adjusted gross income of less than \$5,000.

Unless the present law is changed, confusion will arise out of the fact that Hawaii taxpayers with adjusted gross income of less than \$10,000 will, with respect to short-form returns and tax tables, be required to follow two different procedures—one with respect to the filing of federal net income tax returns and the other with respect to the filing of the Hawaii net income tax returns. Such circumstance would be contrary to the legislative intent that the taxpayers' burden be minimized by simplification of the procedure for the filing of returns, and that the rules and regulations, forms and procedures adopted with regard to the Hawaii net income tax should "conform as nearly as possible . . . to the rules and regulations, forms and procedures adopted and established under the Internal Revenue Code." See subsection 121-2(a) of the Revised Laws. More particularly with regard to the use of short-form returns, failure to change the present law will require approximately 25,000 taxpayers in this State to file long-form returns for purposes of the Hawaii net income tax, while being permitted to file short-form returns for the federal net income tax. Accordingly, this Act is considered an urgency measure deemed necessary in the public interest.

SECTION 2. Section 121-10 of the Revised Laws of Hawaii 1955, as amended, is further amended as follows:

**“§ 121-10. Alternative ‘short-form’ tax; tables.** If a taxpayer's adjusted gross income for the taxable year is less than \$10,000, he shall have the option of filing a short-form return, which form and procedure for its filing, shall substantially conform to the appropriate rules and regulations, forms and procedures adopted and established under the Internal Revenue Code governing the filing of federal short-form returns and use of tax tables; provided that the tax to be assessed, levied, collected and paid by a taxpayer through his use of the short-form return shall be substantially equivalent to the tax provided in section 121-8 and shall be in lieu thereof.”

SECTION 3. This Act shall, upon its approval, apply to taxable years beginning on or after January 1, 1968.

(Approved April 23, 1968.)