

**ACT 238**

H.B. NO. 2219-80

A Bill for an Act Relating to Taxation.

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

SECTION 1. The purpose of this Act is to continue the efforts of the State in maintaining the conformity of the state income tax law with the federal Internal Revenue Code.

## ACT 238

SECTION 2. Section 235-2.3, Hawaii Revised Statutes, is amended by amending subsection (a) to read:

“(a) For all taxable years beginning after [December 31, 1978,] December 31, 1979, as used in this chapter “Internal Revenue Code” means subtitle A, chapter I of the federal Internal Revenue Code of 1954 as amended as of [December 31, 1978] December 31, 1979 as it applies to the determination of gross income, adjusted gross income, ordinary income and loss, and taxable income, except those provisions of the Internal Revenue Code and federal Public Law which pursuant to this chapter and this section do not apply or are otherwise limited in application and except that amendments to the Internal Revenue Code made by Public Law 95-600, section 702 (with respect to technical, clerical, and conforming amendments to estate and gift tax provisions) shall be operative for the purposes of this chapter on the effective dates set forth in section 702.

Sections 235-2, 235-2.1, 235-2.2 shall continue to be used to determine (1) the basis of property, if a taxpayer first determined the basis of property in a taxable year to which such sections apply, and if such determination was made before January 1, 1978, and (2) gross income, adjusted gross income, ordinary income and loss, and taxable income for a taxable year to which such sections apply where such taxable year begins before January 1, 1978, except that amendments to the Internal Revenue Code made by Public Law 95-600, section 702 (with respect to technical, clerical, and conforming amendments to estate and gift tax provisions) shall be operative for the purposes of (1) and (2) of this subsection even if such determination was made or such taxable year begins before January 1, 1978.”

SECTION 3. If any section, sentence, clause, or phrase of this Act, or its application to any person or circumstances, is for any reason held to be unconstitutional or invalid, the remaining portion of this Act, or the application of this Act to other persons or circumstances shall not be affected. The legislature declares that it would have passed this Act and each section, sentence, clause, or phrase thereof irrespective of the fact that any one or more other sections, sentences, clauses, or phrases is declared unconstitutional or invalid.

SECTION 4. All laws and parts of laws heretofore enacted which are in conflict with the provisions of this Act are amended to conform with this Act. All acts passed during this regular session of 1980, whether enacted before or after the effective date of this Act, shall be amended to conform to this Act, unless such acts specifically provide that this Act is being amended.

SECTION 5. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 6. This Act, upon its approval, shall apply to taxable years beginning after December 31, 1979, except as otherwise provided in this Act.

(Approved June 7, 1980.)