

THE SENATE
THIRTY-FIRST LEGISLATURE, 2021
STATE OF HAWAII

S.B. NO. 1254

A BILL FOR AN ACT

RELATING TO CONFORMITY WITH FEDERAL LAW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The purpose of this Act is to conform Hawaii income tax law to certain provisions of federal law relating to treatment of amounts received by eligible recipients under the Paycheck Protection Program authorized under section 7(a)(36) of the Small Business Act, 15 United States Code 636, if the indebtedness initially incurred has been forgiven.

SECTION 2. In accordance with Revenue Ruling 2021-2 and section 7A(i) of the Small Business Act, enumerated in 15 United States Code 14A, as transferred by section 304 of the Economic Aid to Hard-Hit Small Business, Nonprofits, and Venues Act, enacted as title III of division N of the Consolidated Appropriations Act, 2021, Public Law 116-260, 134 Stat. 1182 (December 27, 2020), and amended by section 276(a) of the COVID-related Tax Relief Act of 2020, enacted as subtitle B of title II of division N of the Consolidated Appropriations Act, 2021, certain provisions apply to amounts received by eligible recipients of loans by reason of forgiveness of indebtedness, and those provisions shall be operative for the purposes of chapter 235, Hawaii Revised Statutes, as follows:

(1) Pursuant to section 7A(i)(1) of the Small Business Act, as amended, no amount shall be included in the gross income of a person by reason of forgiveness of indebtedness described in section 7A(b); and

(2) No deduction shall be denied, no tax attribute shall be reduced, and no basis increase shall be denied by reason of the exclusion from gross income provided by section 7A(i)(1) of the Small Business Act, as amended.

SECTION 3. The operative provisions for purposes of chapter 235, Hawaii Revised Statutes, specified in this Act shall apply to taxable years ending after March 27, 2020.

SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY: _____

Report Title:

Income Tax Law; Paycheck Protection Program; Conformity

Description:

Conforms state income tax law to certain provisions of federal law relating to the treatment of amounts received by eligible recipients under the federal Paycheck Protection Program.

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