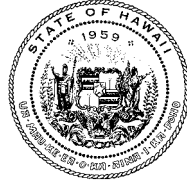


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June 7, 2010

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2010-05

RE: Act 23, Session Laws of Hawaii 2010, Relating to Taxation; Providing for a Wagering Loss Deduction

On April 15, 2010, Governor Linda Lingle signed into law Senate Bill 2834 SD 1, as Act 23, Session Laws of Hawaii 2010.

This Act amends Section 235-2.4(e), Hawaii Revised Statutes, by conforming to Section 165(d) of the Internal Revenue Code. Section 165(d) of the Internal Revenue Code allows a deduction against gross income for losses sustained in wagering transactions to the extent of gains from such transactions. As a result of this Act, Hawaii income tax law allows a deduction for wagering losses to the extent of wagering gains.

Act 23 effectively repeals Act 165, Session Laws of Hawaii 2009, which made the deduction for wagering losses inoperative for Hawaii income tax purposes.

Act 23, which was effective upon its approval, applies to taxable years beginning after December 31, 2008.

For more information on this Act, please contact the Rules Office at 808-587-1577.

 KURT KAWAFUCHI
Director of Taxation