

Honolulu, Hawaii

Feb 8, 2010

RE: H.B. No. 2706

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2706 entitled:

"A BILL FOR AN ACT RELATING TO THE PERMITTED TRANSFERS IN TRUST ACT,"

begs leave to report as follows:

The purpose of this bill is to find additional sources of State revenue and position Hawaii as a first-class asset and trust management jurisdiction, by establishing the Permitted Transfers in Trust Act (Trust Act) to govern transfers of cash and securities to trustees under an irrevocable trust instrument.

This bill also exempts transfers under the Trust Act from the Rule Against Perpetuities, which requires trusts to terminate within 90 years, or 21 years after the death of a pertinent individual alive at the time the trust was created.

First Hawaiian Bank and a concerned individual testified in support of this bill.

Your Committee finds that the State must explore alternative sources of revenue to address the current economic crisis and lay the foundation for future economic development. The Trust Act allows the establishment of certain trusts that are perpetual, extend federal estate tax advantages, and offer protections from creditors. These trust law provisions will bring additional business to Hawaii's financial sector and may help bolster Hawaii's tax revenues, visitor industry, and overall economy.

HB2706 HSCR CPC HMS 2010-1639



As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2706 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ROBERT N. HERKES, Chair



