

STAND. COM. REP. NO.

2966

Honolulu, Hawaii

APR - 1 2010

RE: H.B. No. 2866
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2866, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to ensure the State's ability to capture or "pick-up" the state death tax credit as it existed in the Internal Revenue Code on December 31, 2009.

The Department of Taxation testified in opposition to this measure. The Tax Foundation of Hawaii submitted comments on the measure. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure would preserve the state death tax credit as it existed prior to the adoption of the federal Economic Growth and Tax Relief Reconciliation Act of 2001.

Your Committee has amended this measure by:

- (1) Establishing a tax on the transfer of a taxable estate located in Hawaii by a nonresident who is not a citizen of the United States;
- (2) Adding definitions for "nonresident not a citizen" and "noncitizen transfer";



- (3) Amending the definition of "Internal Revenue Code" to include certain federal tax principles; and
- (4) Amending numerous citations to the Internal Revenue Code to clarify the statutory date.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2866, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2866, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

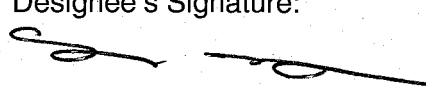


DONNA MERCADO KIM, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <i>HB 2866 HD1</i>	Committee Referral: <i>WAM</i>	Date: <i>3/23/2010</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood				/
HEE, Clayton				/
HOOSER, Gary L.	/			
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.	/			
TOKUDA, Jill N.				/
HEMMINGS, Fred			/	
TOTAL	8	0	1	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes