



1 December 31, 2000, for the decedent's adjusted taxable  
2 estate.

3 "Internal Revenue Code" means the Internal Revenue Code of  
4 1986, as amended and renumbered, as of December 31, 2009;  
5 provided that sections [2011~~7~~] 2102[~~7~~] and 2604 of the Internal  
6 Revenue Code shall mean those sections as of December 31, 2000;  
7 and provided further that section 2058 shall not be operative  
8 for purposes of this chapter. "Internal Revenue Code" includes  
9 the federal tax principles of alter ego, nominee, sham  
10 transaction, substance over form, economic substance, or  
11 business purpose, as those principles are developed by statute  
12 or common law. The Internal Revenue Code, for purposes of this  
13 chapter, shall be applied using changes in nomenclature and  
14 other language, including the omission of inapplicable language  
15 or the insertion of interpretive language, where necessary to  
16 effectuate the intent of this chapter."

17 2. By repealing the definition of "section 2011":

18 [~~"Section 2011" means section 2011 of the Internal Revenue~~  
19 ~~Code as it existed on December 31, 2000."~~]

20 SECTION 2. Section 236D-3, Hawaii Revised Statutes, is  
21 amended to read as follows:



1 " ~~[+]§236D-3[+]~~ Residents; tax imposed; credit for tax paid  
 2 other state. (a) A tax in ~~[an amount equal to the federal~~  
 3 ~~credit]~~ accordance with the following table is imposed on the  
 4 transfer of the taxable estate of every resident~~[-]~~:

5 <u>If the taxable estate is:</u>	<u>The tax shall be:</u>
6 <u>Not over \$3,560,000</u>	<u>Zero</u>
7 <u>Over \$3,560,000 but not over</u>	
8 <u>\$3,600,000</u>	9.6% of the amount by which the taxable estate exceeds \$3,560,000
11 <u>Over \$3,600,000 but not over</u>	
12 <u>\$4,100,000</u>	\$3,840 plus 10.4% of the amount by which the taxable estate exceeds \$3,600,000
15 <u>Over \$4,100,000 but not over</u>	
16 <u>\$5,100,000</u>	\$55,840 plus 11.2% of the amount by which the taxable estate exceeds \$4,100,000
19 <u>Over \$5,100,000 but not over</u>	
20 <u>\$6,100,000</u>	\$167,840 plus 12% of the amount by which the taxable estate exceeds \$5,100,000



1 Over \$6,100,000 but not over

2 \$7,100,000

\$287,840 plus 12.8% of the

3 amount by which the taxable

4 estate exceeds \$6,100,000

5 Over \$7,100,000 but not over

6 \$8,100,000

\$415,840 plus 13.6% of the

7 amount by which the taxable

8 estate exceeds \$7,100,000

9 Over \$8,100,000 but not over

10 \$9,100,000

\$551,840 plus 14.4% of the

11 amount by which the taxable

12 estate exceeds \$8,100,000

13 Over \$9,100,000 but not over

14 \$10,100,000

\$695,840 plus 15.2% of the

15 amount by which the taxable

16 estate exceeds \$9,100,000

17 Over \$10,100,000

\$847,840 plus 16% of the

18 amount by which the taxable

19 estate exceeds \$10,100,000

20 (b) If any property of a resident is subject to a death  
21 tax imposed by another state [~~for which a credit is allowed by~~  
22 ~~section 2011~~]; and, if the tax imposed by the other state is not



1 qualified by a reciprocal provision allowing the property to be  
2 taxed in the state of decedent's domicile, the amount of the tax  
3 due under this section shall be credited with the lesser of:

- 4 (1) The amount of the death tax paid the other state and  
5 credited against the federal estate tax; or  
6 (2) An amount computed by multiplying the [~~federal credit~~]  
7 tax imposed under subsection (a) by a fraction, the  
8 numerator of which is the value of the property  
9 subject to the death tax imposed by the other state,  
10 and the denominator of which is the value of the  
11 decedent's gross estate."

12 SECTION 3. Section 236D-4, Hawaii Revised Statutes, is  
13 amended by amending subsection (b) to read as follows:

14 "(b) The tax shall be computed by multiplying the [~~federal~~  
15 ~~credit~~] tax imposed on the transfer of the decedent's taxable  
16 estate under section 236D-3(a) by a fraction, the numerator of  
17 which is the value of the property located in Hawaii, and the  
18 denominator of which is the value of the decedent's gross  
19 estate."

20 SECTION 4. Section 236D-2.5, Hawaii Revised Statutes, is  
21 repealed.





1 household"), except section 41 (with respect to the  
2 credit for increasing research activities), except  
3 section 42 (with respect to low-income housing  
4 credit), except sections 47 and 48, as amended, as of  
5 December 31, 1984 (with respect to certain depreciable  
6 tangible personal property), and except section  
7 48(d)(3), as amended, as of February 17, 2009 (with  
8 respect to the treatment of United States Department  
9 of Treasury grants made under section 1603 of the  
10 American Recovery and Reinvestment Tax Act of 2009).  
11 For treatment, see sections 235-110.91, 235-110.7, and  
12 235-110.8;

13 (2) Section 78 (with respect to dividends received from  
14 certain foreign corporations by domestic corporations  
15 choosing foreign tax credit);

16 (3) Section 86 (with respect to social security and tier 1  
17 railroad retirement benefits);

18 (4) Section 103 (with respect to interest on state and  
19 local bonds). For treatment, see section 235-7(b);

20 (5) Section 114 (with respect to extraterritorial income).

21 For treatment, any transaction as specified in the  
22 transitional rule for 2005 and 2006 as specified in



- 1 the American Jobs Creation Act of 2004 section 101(d)  
2 and any transaction that has occurred pursuant to a  
3 binding contract as specified in the American Jobs  
4 Creation Act of 2004 section 101(f) are inoperative;
- 5 (6) Section 120 (with respect to amounts received under  
6 qualified group legal services plans). For treatment,  
7 see section 235-7(a)(9) to (11);
- 8 (7) Section 122 (with respect to certain reduced uniformed  
9 services retirement pay). For treatment, see section  
10 235-7(a)(3);
- 11 (8) Section 135 (with respect to income from United States  
12 savings bonds used to pay higher education tuition and  
13 fees). For treatment, see section 235-7(a)(1);
- 14 (9) Section 139C (with respect to COBRA premium  
15 assistance);
- 16 (10) Subchapter B (sections 141 to 150) (with respect to  
17 tax exemption requirements for state and local bonds);
- 18 (11) Section 151 (with respect to allowance of deductions  
19 for personal exemptions). For treatment, see section  
20 235-54;





- 1 (12) Section 179B (with respect to expensing of capital  
2 costs incurred in complying with Environmental  
3 Protection Agency sulphur regulations);
- 4 (13) Section 181 (with respect to special rules for certain  
5 film and television productions);
- 6 (14) Section 196 (with respect to deduction for certain  
7 unused investment credits);
- 8 (15) Section 199 (with respect to the U.S. production  
9 activities deduction);
- 10 (16) Section 222 (with respect to qualified tuition and  
11 related expenses);
- 12 (17) Sections 241 to 247 (with respect to special  
13 deductions for corporations). For treatment, see  
14 section 235-7(c);
- 15 (18) Section 280C (with respect to certain expenses for  
16 which credits are allowable). For treatment, see  
17 section 235-110.91;
- 18 (19) Section 291 (with respect to special rules relating to  
19 corporate preference items);
- 20 (20) Section 367 (with respect to foreign corporations);
- 21 (21) Section 501(c)(12), (15), (16) (with respect to exempt  
22 organizations);



- 1 (22) Section 515 (with respect to taxes of foreign  
2 countries and possessions of the United States);
- 3 (23) Subchapter G (sections 531 to 565) (with respect to  
4 corporations used to avoid income tax on  
5 shareholders);
- 6 (24) Subchapter H (sections 581 to 597) (with respect to  
7 banking institutions), except section 584 (with  
8 respect to common trust funds). For treatment, see  
9 chapter 241;
- 10 (25) Section 642(a) and (b) (with respect to special rules  
11 for credits and deductions applicable to trusts). For  
12 treatment, see [~~sections~~] section 235-54(b) [~~and 235-~~  
13 ~~55~~];
- 14 (26) Section 646 (with respect to tax treatment of electing  
15 Alaska Native settlement trusts);
- 16 (27) Section 668 (with respect to interest charge on  
17 accumulation distributions from foreign trusts);
- 18 (28) Subchapter L (sections 801 to 848) (with respect to  
19 insurance companies). For treatment, see sections  
20 431:7-202 and 431:7-204;



- 1       (29) Section 853 (with respect to foreign tax credit  
2           allowed to shareholders) [~~For treatment, see section~~  
3           ~~235-55~~];
- 4       (30) Section 853A (with respect to credits from tax credit  
5           bonds allowed to shareholders);
- 6       (31) Subchapter N (sections 861 to 999) (with respect to  
7           tax based on income from sources within or without the  
8           United States), except sections 985 to 989 (with  
9           respect to foreign currency transactions). For  
10          treatment, see sections 235-4, 235-5, and 235-7(b) [~~7~~  
11          and ~~235-55~~];
- 12       (32) Section 1042(g) (with respect to sales of stock in  
13           agricultural refiners and processors to eligible farm  
14           cooperatives);
- 15       (33) Section 1055 (with respect to redeemable ground  
16           rents);
- 17       (34) Section 1057 (with respect to election to treat  
18           transfer to foreign trust, etc., as taxable exchange);
- 19       (35) Sections 1291 to 1298 (with respect to treatment of  
20           passive foreign investment companies);



- 1 (36) Subchapter Q (sections 1311 to 1351) (with respect to  
2 readjustment of tax between years and special  
3 limitations);
- 4 (37) Subchapter R (sections 1352 to 1359) (with respect to  
5 election to determine corporate tax on certain  
6 international shipping activities using per ton rate);
- 7 (38) Subchapter U (sections 1391 to 1397F) (with respect to  
8 designation and treatment of empowerment zones,  
9 enterprise communities, and rural development  
10 investment areas). For treatment, see chapter 209E;
- 11 (39) Subchapter W (sections 1400 to 1400C) (with respect to  
12 District of Columbia enterprise zone);
- 13 (40) Section 14000 (with respect to education tax  
14 benefits);
- 15 (41) Section 1400P (with respect to housing tax benefits);
- 16 (42) Section 1400R (with respect to employment relief);
- 17 (43) Section 1400T (with respect to special rules for  
18 mortgage revenue bonds);
- 19 (44) Section 1400U-1 (with respect to allocation of  
20 recovery zone bonds);
- 21 (45) Section 1400U-2 (with respect to recovery zone  
22 economic development bonds); and



1 (46) Section 1400U-3 (with respect to recovery zone  
2 facility bonds)."

3 SECTION 6. Section 235-110, Hawaii Revised Statutes, is  
4 amended by amending subsection (b) to read as follows:

5 "(b) This section does not apply in the case of a payment  
6 made pursuant to an assessment by the department of taxation  
7 under section 235-107 or 235-108(b). No refund or overpayment  
8 credit may be had under this section in any event unless the  
9 original payment of the tax was due to the law having been  
10 interpreted or applied in respect of the taxpayer concerned  
11 differently than in respect of the taxpayers generally. As to  
12 all tax payments for which a refund or credit is not authorized  
13 by this section (including without prejudice to the generality  
14 of the foregoing cases of unconstitutionality) the remedies  
15 provided by appeal or under section 40-35 are exclusive.  
16 However, nothing in this subsection shall be deemed applicable  
17 to a credit or refund authorized by sections [~~235-55,7~~] 235-66,  
18 or 235-71, or resulting from the tax as returned being less than  
19 the tax as estimated; in any of these cases a credit or refund  
20 is authorized even though the tax for the taxable year remains  
21 subject to determination by the department and assessment as  
22 provided by law."



1 SECTION 7. Section 235-129, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "~~§235-129 Tax credits. [(a) For purposes of section~~  
4 ~~235-55, each resident shareholder shall be considered to have~~  
5 ~~paid a tax imposed on the shareholder in an amount equal to the~~  
6 ~~shareholder's pro rata share of any net income tax paid by the S~~  
7 ~~corporation to a state that does not measure the income of S~~  
8 ~~corporation shareholders by the income of the S corporation.~~  
9 ~~For purposes of the preceding sentence, the term "net income~~  
10 ~~tax" means any tax imposed on or measured by a corporation's net~~  
11 ~~income.~~

12 (b)] Each shareholder of an S corporation shall be allowed  
13 a credit against the tax imposed by section 235-51 in an amount  
14 equal to the shareholder's pro rata share of the tax credit  
15 earned by the S corporation in this State. "

16 SECTION 8. Section 235-55, Hawaii Revised Statutes, is  
17 repealed.

18 [~~§235-55 Tax credits for resident taxpayers. (a)~~  
19 ~~Whenever an individual or person liable to the taxes imposed~~  
20 ~~upon individuals, who is a resident of the State or who has~~  
21 ~~filed a joint resident return under section 235-93, has become~~  
22 ~~liable for income taxes to a state, or to the District of~~



1 ~~Columbia, Puerto Rico, or any other territory or possession of~~  
2 ~~the United States, or to a foreign country upon any part of the~~  
3 ~~individual's or person's taxable income for the taxable year,~~  
4 ~~derived or received from sources without the State and taxed~~  
5 ~~under the laws of such other jurisdiction irrespective of the~~  
6 ~~residence or domicile of the recipient, there shall be credited~~  
7 ~~against the tax payable by the individual or person under this~~  
8 ~~chapter the tax so paid by the individual or person to the other~~  
9 ~~jurisdiction upon the individual's or person's producing for the~~  
10 ~~department of taxation satisfactory evidence:~~

11 ~~(1) Of such tax payment; and~~  
12 ~~(2) That the laws of the other jurisdiction do not allow~~  
13 ~~the individual or person a credit against the taxes~~  
14 ~~imposed by such jurisdiction for the taxes paid or~~  
15 ~~payable under this chapter, or do allow such credit in~~  
16 ~~an amount which has been deducted in computing the~~  
17 ~~amount of credit sought under this section.~~

18 ~~(b) The application of such credit, however:~~  
19 ~~(1) Shall not be allowed with respect to any taxable~~  
20 ~~income or any tax which under subchapter N of chapter~~  
21 ~~1 of the Internal Revenue Code of 1954 (which is~~  
22 ~~applicable for federal purposes but not for state~~



1 ~~purposes) is or may be the subject of an exclusion,~~  
2 ~~exemption, or tax credit; and~~

3 ~~(2) Shall not operate to reduce the tax payable under this~~  
4 ~~chapter to an amount less than that which would have~~  
5 ~~been payable had the taxpayer been taxable only on the~~  
6 ~~income from property owned, personal services~~  
7 ~~performed, trade or business carried on, and other~~  
8 ~~sources in the State.~~

9 ~~(c) If any taxes paid to another jurisdiction for which a~~  
10 ~~taxpayer has been allowed a credit under this section are at any~~  
11 ~~time credited or refunded to the taxpayer, such fact shall be~~  
12 ~~reported by the taxpayer to the department within twenty days~~  
13 ~~after the credit or refund. Failure to make such report shall~~  
14 ~~be deemed failure to make a return and subject to the penalties~~  
15 ~~imposed by law in such cases. A tax equal to the credit allowed~~  
16 ~~for the taxes so credited or refunded shall be due and payable~~  
17 ~~from the taxpayer upon notice and demand from the department.~~  
18 ~~If the amount of such tax is not paid within ten days from the~~  
19 ~~date of the notice and demand, the taxpayer shall be subject to~~  
20 ~~the usual penalties and interest for delinquency in payment.~~







1 (2) But does not include per-program or per-channel  
2 charges, leased channel revenues, advertising  
3 revenues, and other income not derived from the  
4 supplying of regular subscriber direct broadcast  
5 satellite service.

6 "Provider" means a provider of direct broadcast satellite  
7 service.

8 § -2 **Imposition of tax.** (a) There is hereby levied and  
9 shall be assessed and collected annually privilege taxes against  
10 providers on account of their business and other activities in  
11 the State measured by gross revenue derived from the sale of  
12 direct broadcast satellite services, multiplied by per  
13 cent.

14 (b) The tax imposed by subsection (a) shall not apply to  
15 internet access services, including services purchased, used, or  
16 sold to provide direct broadcast satellite services.

17 § -3 **Remittance.** The tax imposed by this chapter is due  
18 and payable to the department on or before the last day of the  
19 first month following the end of each calendar quarter.

20 § -4 **Report.** (a) A provider subject to the tax imposed  
21 by this chapter shall file a report with the department on a



1 form prescribed by the department. The report is due on the  
2 date the tax is due under section -3.

3 (b) The report shall include a statement of the gross  
4 revenues received from the provision of direct broadcast  
5 satellite services and tax due during the preceding quarterly  
6 period and any other information required by the department.

7 **§ -5 Records.** (a) A provider subject to the tax  
8 imposed by this chapter shall maintain the necessary records and  
9 any other information required by the department to determine  
10 the amounts of the tax that the provider is required to remit  
11 and any credit that the provider is entitled to claim under this  
12 chapter.

13 (b) The records shall be open at all times to inspection  
14 by the department.

15 **§ -6 Information shown on subscriber bill.** A provider  
16 may show, as a separate line item on each bill for each  
17 subscriber, the amount of the total bill resulting from any tax  
18 imposed under this chapter.

19 **§ -7 Rules.** The department may adopt rules under  
20 chapter 91 necessary to enforce this chapter.





**Report Title:**

Estate and Transfer Tax; Tax Credits for Resident Taxpayers;  
Excise Tax on Direct Broadcast Satellite Service Providers

**Description:**

Amends the method of computing the estate and transfer tax.  
Repeals the income tax credit for resident taxpayers for income  
taxes paid to other jurisdictions. Imposes an excise tax on  
direct broadcast satellite service providers. Effective July 1,  
2030. (HB306 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

