

# HB 1447, HD 2

**Measure Title:** RELATING TO THE PERMITTED TRANSFERS IN TRUST ACT.

**Report Title:** Permitted Transfers in Trust Act

**Description:** Amends the Permitted Transfers in Trust Act to govern transfers of property from a transferor to a trustee by means of an irrevocable trust instrument. Effective July 1, 2030. (HB1447 HD2)

**Companion:**

**Package:** None

**Current Referral:** CPN, JDL



## **TESTIMONY ON HB 1447 HD 2**

**Friday, March 18, 2011, 10:15 a.m.  
State Capitol, Conference Room 229**

### **SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

**TO: The Honorable Rosalyn H. Baker, Chair  
The Honorable Brian T. Taniguchi, Chair  
Members of the Senate Committee on Commerce and Consumer Protection**

I am Curtis Saiki representing First Hawaiian Bank testifying in support of HB 1447. This bill amends the Permitted Transfer in Trust Act which governs transfers of property from a transferor to a trustee by means of an irrevocable trust instrument. The Act, which was passed last year, allows an individual to establish a Hawaii perpetual trust that would hold up to 25% of an individual's net worth.

After passage of the Act, we found that certain provisions inhibited local trust companies and asset managers from making inroads into the perpetual trust market. HB 1447 corrects the Act in the following manner so that Hawaii can be more competitive in attracting these trusts:

- Eliminating the 1% tax on assets transferred to the trust.
- Removing the 25% net worth limitation.
- Expanding the definition of "permitted property" to include all property – real and personal - in addition to the currently permissible cash and marketable securities.

We support these enhancements because it will allow Hawaii to compete with other states in this growing industry, which will lead to more jobs and inure to the overall economic health of the state.

Thank you for the opportunity to testify in support of this bill.



## TESTIMONY IN SUPPORT OF HB1447 HD2

Friday, March 18, 2011, 10:15 a.m.  
State Capitol, Conference Room 229

### COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TO: The Honorable Rosalyn H. Baker, Chair  
The Honorable Brian T. Taniguchi, Vice Chair  
Members of the Senate Committee on Commerce and Consumer Protection

I am Stafford Kiguchi testifying on behalf of Bank of Hawaii in support of HB 1447 HD2. This bill amends the Permitted Transfer in Trust Act which governs transfers of property from a transferor to a trustee by means of an irrevocable trust instrument. The Act, which was passed last year, allows an individual to establish a Hawaii perpetual trust that would hold up to 25% of an individual's net worth.

We support the proposed amendments and technical changes which further clarify the definition of certain terms and make those terms consistent with the Code of Federal Regulations. Ultimately, these amendments will serve to make the Act more competitive with other markets. Specific items to enhance the Act include:

- Eliminating the 1% tax on assets, which other states do not impose.
- Removing the 25% net worth limitation, which was an arbitrary designation.
- Expanding the limited definition of "permitted property" to include all property – real and personal - in addition to the currently permissible cash and marketable securities.
- Accommodating situations whereby the trust does not custody securities within the state but would otherwise be required to do so.

Thank you for the opportunity to testify in support of this bill.

Sincerely,

A handwritten signature in black ink that reads 'Stafford Kiguchi'.

Stafford Kiguchi  
Executive Vice President  
Bank of Hawaii  
694-8580

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair

Senator Brian T. Taniguchi, Vice Chair

Members of the Senate Committee on Commerce and Consumer Protection

HEARING

Friday, March 18, 2011, 10:15 a.m.

Conference Room 229

Re: HB 1447 HD 2  
STRONG SUPPORT

Dear Chair Baker, Vice Chair Taniguchi, and Members of the Committee:

My name is Roger Epstein. I am the chairman of the tax department at the Cades Schutte law firm and have been a member of the Hawaii Bar Association for 38 years.

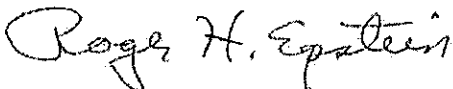
I strongly support passage of HB 1447. This bill amends the Permitted Transfer in Trust Act which governs transfers of property from a transferor to a trustee by means of an irrevocable trust instrument. The Act, which was passed last year, allows an individual to establish a Hawaii perpetual trust that would hold up to 25% of an individual's net worth.

After passage of the Act, we found that certain provisions inhibited local trust companies and asset managers from making inroads into the perpetual trust market. HB 1447 corrects the Act in the following manner so that Hawaii can be more competitive in attracting these trusts:

- Eliminating the 1% tax on assets transferred to the trust.
- Removing the 25% net worth limitation.
- Expanding the definition of "permitted property" to include all property – real and personal - in addition to the currently permissible cash and marketable securities.

We support these enhancements because it will allow Hawaii to compete with other states in this growing industry, which will lead to more jobs and inure to the overall economic health of the state. Thank you for considering my testimony.

Sincerely,



Roger H. Epstein

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