

TESTIMONY ON HB 1447

Tuesday, March 1, 2011, 10:00 a.m.
State Capitol, Conference Room 308

LATE

HOUSE COMMITTEE ON FINANCE

TO: The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Chair
Members of the House Committee on Finance

I am Roger Epstein, Chairman of the Tax Department of the Cades Schutte law firm, 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.

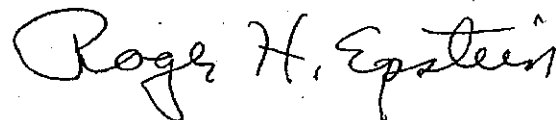
Cades partners and associates have done substantial estate, personal, and business planning for numerous clients, since similar Trust legislation was passed in other US states 5-10 years ago. We have many clients who have considered and some who have used these trusts for legitimate planning purposes. After passage of the Hawaii Act, we found that certain provisions were not conducive to the use of such a trust in Hawaii, as compared to those in other states, and were not able to recommend the use of the Hawaii trust, despite our desire for Hawaii clients to benefit from the convenience of using a local trust and trust company. HB 1447 corrects the Act in the following manner so that Hawaii will become a jurisdiction that we can recommend to those of our clients who can benefit from this type of 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.

Very truly yours,



Roger H. Epstein