

Honolulu, Hawaii

APR 28 2017

RE: S.B. No. 1006  
S.D. 1  
H.D. 1  
C.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1006, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE ESTATE AND GENERATION-SKIPPING TRANSFER TAXES,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to eliminate a loophole that allows a nonresident decedent to avoid estate and generation-skipping transfer taxes by using a single member limited liability company to hold property located in the State.

Your Committee finds that the Hawaii estate tax is imposed on property transferred from decedents to their heirs.

For nonresident decedents, only property located in Hawaii is subject to the tax. However, when a nonresident decedent's property located in Hawaii is placed into a single member limited liability



company, the Hawaii estate tax does not apply because the decedent did not directly own the property. Instead, the property is treated as having the situs of the nonresident decedent's domicile. This measure closes that tax law loophole by specifying that, if property located in Hawaii is held by a single member limited liability company that is solely owned by a nonresident decedent, that company will be disregarded for estate tax purposes and the tax will apply as if the nonresident decedent owned the property directly.

Your Committee has amended this measure by changing the effective date to the date of the measure's approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1006, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1006, S.D. 1, H.D. 1, C.D. 1.

Respectfully submitted on behalf of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

  
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 SCOTT Y. NISHIMOTO  
 Co-Chair

  
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 JILL N. TOKUDA  
 Chair

  
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 THOMAS R. COLLEEN  
 Co-Chair



