STAND. COM. REP. NO. 1746

Honolulu, Hawaii April 1 , 2017

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

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 1006, S.D. 1, entitled:

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

begs leave to report as follows:

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

Specifically, this measure clarifies that for such properties, the single member limited liability company shall be disregarded and estate and transfer taxes shall be applied as if the nonresident decedent owned the Hawaii real property directly.

The Department of Taxation testified in support of this measure. The Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

(1) Deleting the measure's preamble; and



STAND. COM. REP. NO. 1746 Page 2

(2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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

> Respectfully submitted on behalf of the members of the Committee on Finance,

SYLVIA LUKE, Chair



State of Hawaii House of Representatives

Record of Votes of the Committee on Finance 1746

Bill/Resolution No.: SB 1006 , SD 1	Committee JMD 1		Date:	3-31-20	
The committee is reconsidering in			<u> </u>		217
	Pass, unamended (Pass short form bil		ss, with amendments (mmit for future public		
FIN Members		Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)					
2. CULLEN, Ty J.K. (VC)					
3. CACHOLA, Romy M.		<u> </u>	-		
4. CHOY, Isaac W.		<u> </u>			
5. DeCOITE, Lynn					
6. GATES, Cedric Asuega		/			
7. HOLT, Daniel			-		
8. KEOHOKALOLE, Jarrett	ţ				
9. KOBAYASHI, Bertrand	-	/			
10. LoPRESTI, Matthew S.		/			
11. LOWEN, Nicole E.					
12. NAKAMURA, Nadine K.					
13. TOKIOKA, James Kunane	e				
14. QUINLAN, Sean			-		
15. YAMASHITA, Kyle T.					
16. TUPOLA, Andria P.L.					
17. WARD, Gene					
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TOTAL (17)		16	Ø	Ø	1
	Adopted	Not Adopt committee acronym	did not suppor	t recommendation	I.
Vice Chair's or designee's signatu	re:	J.K.C			
Distribution: Original (White) – C	Committee Du	uplicate (Yellow) -	- Chief Clerk's Office	Duplicate (P	ink) – HMSO