

STAND. COM. REP. NO.

1746

Honolulu, Hawaii

April 7, 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

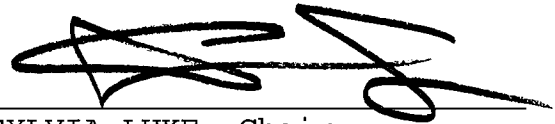
SB1006 HD1 HSCR FIN HMS 2017-3431



- (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



