

STAND. COM. REP. NO.

1284

Honolulu, Hawaii

March 24, 2017

RE: S.B. No. 1006

S.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 Judiciary, 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.

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.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1006, S.D. 1, and recommends that it pass Second Reading and be referred to your Committee on Finance.

SB1006 SD1 HSCR JUD HMS 2017-3041



Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



SCOTT Y. NISHIMOTO, Chair



