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.

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

SCOTT Y. NISHIMOTO, Chair

State of Hawaii House of Representatives The Twenty-ninth Legislature



Record of Votes of the Committee on Judiciary

Bill/Resolution No.:	Committee Referral:			Date:		
SB1006 SD1	JUD, FIN			3/15/17		
☐ The committee is reconsidering its previous decision on the measure.						
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD)						
Pass short form bill with HD to recommit for future public hearing (recommit)						
JUD Members		Ayes	Ayes (W)	R) 1	Nays	Excused
1. NISHIMOTO, Scott Y. (C)						· .
2. SAN BUENAVENTURA, Joy A. (VC)						
3. BELATTI, Della Au						
4. BROWER, Tom						
5. JOHANSON, Aaron Ling						· ·
6. LEE, Chris						
7. MORIKAWA, Dee				· · · · · · · · · · · · · · · · · · ·		
8. NAKASHIMA, Mark M.						
9. OSHIRO, Marcus R.						
10. McDERMOTT, Bob						
11. THIELEN, Cynthia			:			
					.	
TOTAL (11)		9				2
The recommendation is: Adopted						
Vice Chair's or designee's signature:						
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO						