
A BILL FOR AN ACT

RELATING TO ESTATE TAX INFLATION ADJUSTMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 236E-2, Hawaii Revised Statutes, is
2 amended by amending the definition of "applicable generation-
3 skipping transfer tax rate" to read as follows:

4 "Applicable generation-skipping transfer tax rate" means
5 2.25 per cent multiplied by the inclusion ratio with respect to
6 any property transferred in a generation-skipping transfer as
7 determined under section 2642 of the Internal Revenue Code as
8 amended as of December 21, 2017[-], and, for generation-skipping
9 transfers occurring after December 31, 2020, the basic exclusion
10 amount used shall include the inflation adjustment under section
11 2010(c)(3)(B) of the Internal Revenue Code of 1986, as amended
12 as of December 21, 2017, but as computed by the department."

13 SECTION 2. Section 236E-6, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) An exclusion from a Hawaii taxable estate shall be
16 allowed to the estate of every decedent against the tax imposed



1 by section 236E-8. For the purpose of this section, the
2 applicable exclusion amount is equal to:

- 3 (1) The federal applicable exclusion amount;
- 4 (2) The exemption equivalent of the unified credit reduced
5 by the amount of taxable gifts made by the decedent
6 that reduces the amount of the federal applicable
7 exclusion amount; or
- 8 (3) The exemption equivalent of the unified credit on the
9 decedent's federal estate tax return,

10 as set forth for the decedent in chapter 11 of the Internal
11 Revenue Code as amended as of December 21, 2017, [~~as if the~~
12 ~~decedent died on December 31, 2017,~~] and, for decedents dying
13 after December 31, 2020, to include the inflation adjustment
14 under section 2010(c)(3)(B) of the Internal Revenue Code of
15 1986, as amended as of December 21, 2017, but as computed by the
16 department, and as further adjusted pursuant to subsection (b)."

17 SECTION 3. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 4. This Act shall take effect on July 1, 2050, and
20 shall apply to decedents dying and taxable transfers occurring
21 after December 31, 2020.



Report Title:

Estate Tax; Decedents; Applicable Exclusion Amount; Inflation Adjustment; Conformity to the Internal Revenue Code

Description:

Requires Hawaii's estate tax applicable exclusion amount to be calculated by utilizing the federal Internal Revenue Service inflation adjustment mechanism. Applies to decedents dying and taxable transfers occurring after 12/31/2020. Effective 7/1/2050. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

