

STAND. COM. REP. NO.

3009

Honolulu, Hawaii

FEB 28 2020

RE: S.B. No. 2602

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2602 entitled:

"A BILL FOR AN ACT RELATING TO ESTATE TAX INFLATION
ADJUSTMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the state estate and generation-skipping transfer tax law.

Specifically, this measure indexes the Hawaii estate tax applicable exclusion amount to inflation by applying the Internal Revenue Service inflation adjustment mechanism.

Your Committee received comments on this measure from the Department of Taxation, Hawaii Appleseed Center for Law and Economic Justice, Tax Foundation of Hawaii, and one individual.

Your Committee finds that, under current state estate and generation-skipping transfer tax law, the applicable exclusion amount, which is the amount of wealth that can be transferred free of Hawaii estate tax, is fixed at \$5,490,000. The intent of this measure is to index this amount for inflation.

Your Committee has amended this measure by:



- (1) Making a conforming amendment to the definition of "applicable generation-skipping transfer tax rate" in section 236E-2, Hawaii Revised Statutes;
- (2) Clarifying that the measure applies to decedents dying and taxable transfers occurring after December 31, 2020;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2602, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2602, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 2602	Committee Referral: WAM	Date: 2/13/20		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene				X
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.				X
TANIGUCHI, Brian T.	X			
FEVELLA, Kurt	X			
TOTAL	9			4
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes