

JAN 21 2022

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# A BILL FOR AN ACT

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RELATING TO A WEALTH ASSET TAX.

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

SECTION 1. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

**"CHAPTER**

**WEALTH ASSET TAX**

**§ -1 Definitions.** As used in this chapter:

"Department" means the department of taxation.

"Director" means the director of taxation.

"Taxpayer" means a person subject to a tax imposed by this chapter, including individuals, estates, and trusts.

**§ -2 Imposition of tax.** There is hereby imposed and shall be levied, collected, and paid, a tax on the activity of sustaining excessive accumulations of wealth by every qualified taxpayer.

**§ -3 Basis and rate; wealth surtax.** (a) The tax imposed by section -2 shall be one per cent of the worldwide net worth of each taxpayer in excess of:



(1) \$25,000,000 for married taxpayers filing separately;

or

(2) \$50,000,000 for all other taxpayers.

(b) For the purposes of determining a taxpayer's worldwide net worth, assets that shall be reported separately to the director shall include but not be limited to the following categories:

(1) Stock in any publicly and privately traded C-corporation;

(2) Stock in any S-corporation;

(3) Interests in any partnership;

(4) Interests in any private equity or hedge fund;

(5) Interests in any other noncorporate business;

(6) Bonds and interest-bearing savings accounts;

(7) Cash and deposits;

(8) Farm assets;

(9) Interest in mutual funds or index funds;

(10) Put and call options;

(11) Futures contracts;

(12) Art and collectables;

(13) Financial assets held offshore;



1 (14) Pension funds;

2 (15) Debts other than mortgages or other liabilities  
3 secured by real property; and

4 (16) Other assets;

5 provided that interests in real property shall not be included  
6 for the purposes of this subsection.

7 (c) In addition to the tax rate specified under subsection  
8 (a), a 0.5 per cent surtax shall be imposed on the worldwide net  
9 worth of every taxpayer in excess of:

10 (1) \$500,000,000 for married taxpayers filing separately;

11 or

12 (2) \$1,000,000,000 for all other taxpayers.

13 **§ -4 Reporting and payment.** (a) Assets used to  
14 determine worldwide net worth and that are reported pursuant to  
15 section -3(b) shall be reported in a form and manner  
16 specified by the director.

17 (b) The tax imposed by this chapter shall be reported  
18 with, and payable at the same time as, taxes imposed pursuant to  
19 chapter 235.

20 **§ -5 Assets belonging to dependents.** For the purpose of  
21 determining worldwide net worth and tax liability under this



1 chapter, any assets belonging to a person who can be claimed as  
2 a dependent that are in excess of \$50,000 shall be deemed to be  
3 assets of the taxpayer who can claim the person as a dependent.

4       §   -6   **Valuation of assets.** Valuation or appraisal of  
5 assets reported pursuant to section   -3(b) shall be done in a  
6 manner specified by the director in accordance with rules  
7 adopted by the department.

8       §   -7   **Rules.** The department shall adopt rules in  
9 accordance with chapter 91 to implement this chapter."

10       SECTION 2. This Act, upon its approval, shall apply to  
11 taxable years beginning after December 31, 2021.

12  
INTRODUCED BY: \_\_\_\_\_



# S.B. NO. 2389

**Report Title:**

Wealth Asset Tax

**Description:**

Establishes a wealth asset tax of one percent on all assets of a taxpayer except for interests in real property in excess of \$50,000,000, and an additional .5 percent surtax on assets in excess of \$1,000,000,000.

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