

Honolulu, Hawaii

FEB 14 2022

RE: S.B. No. 3182
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 3182 entitled:

"A BILL FOR AN ACT RELATING TO A WEALTH ASSET TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a wealth asset tax of one percent on all assets of a taxpayer, in excess of \$20,000,000 for taxpayers filing joint returns, or \$10,000,000 for every other taxpayer, except for interests in real property.

Your Committee received testimony in support of this measure from the Americans for Democratic Action Hawai'i. Your Committee received testimony in opposition to this measure from Hawaii Bankers Association and one individual. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and Grassroot Institute of Hawaii.

Your Committee finds that extremely wealthy individuals whose state assets exceed \$20,000,000 possibly are not contributing their fair share of taxes. This category includes numerous wealthy non-residents who hold assets in Hawai'i, which increases real property values and places financial burdens on the residents of Hawai'i. Increasing taxes on individuals with many millions of dollars in assets will generate more revenue for the benefit of the State's economy. This measure will ensure that individuals



with \$20,000,000 or more in assets pay their equitable share of taxes.

Your Committee has amended this measure by:

- (1) Specifying that a wealth asset tax of one percent of the state net worth of a taxpayer applies to each individual taxpayer who holds \$20,000,000 or more in assets in the State, rather than worldwide;
- (2) Clarifying that the state net worth of an individual taxpayer is based on the individual's assets, not joint assets, and each married individual is to file separately from the spouse;
- (3) Clarifying that assets include debts that are owed to the taxpayer;
- (4) Including real property as an asset;
- (5) Specifying that if the taxpayer pays a wealth asset tax on the same asset in a different state, the amount paid to the other state is subtracted from the state tax liability;
- (6) Inserting an effective date of July 30, 2075, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 3182, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3182, S.D. 1, and be referred to your Committee on Ways and Means.



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

Karl Rhoads

KARL RHOADS, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 3182	JDC, NAM	02-04-22		
<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
RHOADS, Karl (C)	✓			
KEOHOKALOLE, Jarrett (VC)	✓			
ACASIO, Laura		✓		
GABBARD, Mike	✓			
KIM, Donna Mercado		✓		
LEE, Chris	✓			
FEVELLA, Kurt				✓
TOTAL	4	2	-	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Karl Rhoads</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes