

Honolulu, Hawaii

FEB 10 2022RE: S.B. No. 3250
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. 3250 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish an income tax surcharge on high-income individuals, estates, and trusts; and
- (2) Establish a working group within the Department of Taxation to develop a proposal for a state wealth tax.

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 the Hawaii Bankers Association. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and Grassroots Institute of Hawaii.

Your Committee finds that extremely wealthy individuals whose incomes are immensely higher than most are not taxed at much higher rates than individuals whose income is greatly less. Increasing taxes on wealthy individuals will generate more revenue for the benefit of the State's economy. This measure will ensure



that individuals with extremely high income pay their equitable share of taxes.

Your Committee has amended this measure by:

- (1) Removing language establishing an income tax surcharge on high-income individuals and penalties;
- (2) Establishing two additional marginal tax rates for joint filers whose income exceeds \$10,000,000 and \$25,000,000, head of households whose income exceeds \$7,500,000 and \$18,750,000, individuals whose income exceeds \$5,000,000 and \$12,500,000, and estates and trusts that have income exceeding \$200,000 and \$500,000, respectively;
- (3) Removing the Chair of the Tax Review Commission from the working group;
- (4) Inserting an effective date of July 30, 2075, to encourage further discussion; and
- (5) 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. 3250, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3250, 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, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 3250	JDC, WAM	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	6	-	-	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