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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. Section 236E-2, Hawaii Revised Statutes, is  
2 amended as follows:

3           1. By adding a new definition to be appropriately inserted  
4 and to read:

5           "Immediate family member" means a spouse, child, sibling,  
6 parent, grandparent, grandchild, stepparent, stepchild,  
7 stepsibling, or equivalent adoptive relationships."

8           2. By amending the definition of "transferred property" to  
9 read:

10          "Transferred property" means:

11          (1) With respect to a taxable transfer subject to the  
12 federal estate tax, the deceased individual's gross  
13 estate as defined in section 2031 of the Internal  
14 Revenue Code;

15          (2) With respect to a taxable transfer occurring as a  
16 result of a taxable termination as defined in section  
17 2612(a) of the Internal Revenue Code, the taxable



1 amount determined under section 2622(a) of the  
2 Internal Revenue Code;

3 (3) With respect to a taxable transfer occurring as a  
4 result of a taxable distribution as defined in section  
5 2612(b) of the Internal Revenue Code, the taxable  
6 amount determined under section 2621(a) of the  
7 Internal Revenue Code;

8 (4) With respect to a taxable transfer occurring as a  
9 result of a direct skip, as defined in section 2612(c)  
10 of the Internal Revenue Code, the taxable amount  
11 determined under section 2623 of the Internal Revenue  
12 Code; and

13 (5) With respect to an event which causes the imposition  
14 of an additional federal estate tax under section  
15 2032A(c) of the Internal Revenue Code, the qualified  
16 real property that was disposed of or which ceased to  
17 be used for the qualified use, within the meaning of  
18 section 2032A(c) (1) of the Internal Revenue Code[-];  
19 provided that, with respect to a transfer taxable under the  
20 federal generation-skipping transfer tax, a transfer to any  
21 immediate family member shall not be considered a distribution



1 to a skip person, as defined in section 2613 of the Internal  
2 Revenue Code."

3 SECTION 2. Section 236E-7, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "§236E-7 Hawaii taxable estate. For the purposes of this  
6 chapter, "Hawaii taxable estate" means:

7 (1) For residents, the federal taxable estate under  
8 section 2051, et seq., of the Internal Revenue Code  
9 ~~[but without regard for the]~~, except that:

10 (A) The deduction for state death taxes paid under  
11 section 2058 of the Internal Revenue Code[+]  
12 shall not be operative; and

13 (B) The marital deduction under section 2056 of the  
14 Internal Revenue Code shall apply to the passage  
15 of any interest in property to any immediate  
16 family member;

17 (2) For nonresidents, the federal taxable estate under  
18 section 2051, et seq., of the Internal Revenue Code,  
19 ~~[but without regard for the]~~, except that:



1           (A) The deduction for state death taxes paid under  
 2                           section 2058 of the Internal Revenue Code[7]  
 3                           shall not be operative; and

4           (B) The marital deduction under section 2056 of the  
 5                           Internal Revenue Code shall apply to the passage  
 6                           of any interest in property to any immediate  
 7                           family member,

8                           multiplied by a fraction, the numerator of which is  
 9                           the value of the property in the State subject to tax  
 10                          under this chapter, and the denominator of which is  
 11                          the federal gross estate; and

12           (3) For nonresidents not citizens, the federal taxable  
 13                          estate determined under section 2106 of the Internal  
 14                          Revenue Code, but without regard for the deduction for  
 15                          state death taxes paid under section 2106(a)(4) of the  
 16                          Internal Revenue Code, multiplied by a fraction, the  
 17                          numerator of which is the value of the property with a  
 18                          situs in the State subject to tax under this chapter,  
 19                          and the denominator of which is the federal gross  
 20                          estate."



1 SECTION 3. Section 236E-17, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3 "(b) The tax shall be the applicable generation-skipping  
4 transfer tax rate multiplied by the taxable amount as determined  
5 under chapter 13 of the Internal Revenue Code, multiplied by a  
6 fraction, the numerator of which is the taxable transfer subject  
7 to the tax under subsection (a) and the denominator of which is  
8 the total amount of taxable transfers subject to the federal  
9 generation-skipping transfer tax~~[-]~~; provided that, for the  
10 purpose of determining the taxable amount of a transfer taxable  
11 under the federal generation-skipping transfer tax, a transfer  
12 to any immediate family member shall not be considered a  
13 distribution to a skip person, as defined in section 2613 of the  
14 Internal Revenue Code."

15 SECTION 4. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 5. This Act shall take effect upon its approval  
18 and shall apply to decedents dying or taxable transfers  
19 occurring after December 31, 2023.



**Report Title:**

Estate Tax; Generation-Skipping Transfer Tax; Marital Deduction;  
Transferred Property; Taxable Amount; Immediate Family Members

**Description:**

Amends the definition of Hawaii taxable estate to provide that the marital deduction under section 2056 of the Internal Revenue Code shall apply to the passage of any interest in property to any immediate family member. Amends the state generation-skipping transfer tax law to provide that a transfer to any immediate family member shall not be considered a distribution to a skip person, as defined in section 2613 of the Internal Revenue Code. (SD1)

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

