JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAIʻI
DEPARTMENT OF TAXATION
Ka ʻOihana ʻAuhau
P.O. BOX 259
HONOLULU, HAWAIʻI 96809
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TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:
H.B. No. 2653, H.D. 1, S.D. 1 Relating to the Estate Tax.

BEFORE THE:
Senate Committee on Ways and Means

DATE:	Friday, April 5, 2024
TIME:	10:20 a.m.
LOCATION:	State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding H.B. 2653, H.D. 1, S.D.1 for your consideration.

Section 2 of H.B. 2653, H.D. 1, S.D. 1 adds a new section to the Estate and Generation-Skipping Transfer Tax in chapter 236E, Hawaii Revised Statutes (HRS), to establish an estate tax deduction equal to the value of a qualified family-owned business interest held by the decedent at the time of the decedent's death, provided that the decedent or the decedent's heir materially participated in the operation of the trade or business to which the interest relates. If the estate tax due on an estate includes tax attributable to that qualified business interest, the estate shall be allowed a deduction from the gross estate of the decedent equal to the value "of the interest in a closely held business." "Interest in a closely held business" means the same as is defined in section 6166 of the Internal Revenue Code (IRC); "qualified heir" has the same meaning as defined in section 2032A(e)(1) of the IRC; "material participation" means the same as is defined in section 2032A(e)(6) of the IRC; and "qualified family-owned business interest" means any interest in a closely held business that meets three requirements:

(1) The decedent or the decedent's qualified heir of the business interest had a material participation in the trade or business for at least five of the eight years preceding the date of death;
(2) The value of the trade or business, including the value of the decedent's interest in the trade or business, shall be at least 35 percent of the adjusted gross estate of the decedent; and
(3) At least 51 percent of the voting stock of the corporation shall be owned by members of two or more families who are related by blood, marriage, or adoption.

Section 3 of the bill amends section 236E-6, HRS, relating to the exclusion allowed under state estate tax law, to conform to the federal exclusion amount.

The bill takes effect on July 1, 3000, and applies to decedents dying or taxable transfers occurring after December 31, 2024.

The Department notes that the definition of "qualified family-owned business interest' in subsection (c) does not account for entities other than corporations. If the provision is intended to apply to other entities including limited liability companies and partnerships, the Department recommends amending paragraph (3) on page 8, lines 15 to 18, to read as follows:

> (3) At least fifty-one per cent of the voting stock of a corporation or total capital interest in a partnership shall be owned by members of two or more families who are related by blood, marriage, or adoption.

With respect to the proposed conformity change in section 3, beginning on page nine of the measure, the Department notes that under current law, for tax year 2023, the State exclusion amount is $5,490,000 while the federal exclusion amount is $12,920,000. However, the increased federal exclusion is set to expire in 2025 with the sunset of the federal Tax Cuts and Jobs Act, at which time, barring any federal or state legislative changes, the federal exclusion will revert to the same amount as the State's current exclusion, plus adjustments for inflation. Even with the inflation adjustment, the disparity between these two numbers will be significantly reduced for tax year 2026 and onward.

The Department further notes that if a functional effective date is inserted, the Department can administer the changes in this bill for decedents dying or taxable transfers occurring after December 31, 2024, as currently provided in the bill.

The Department estimates the revenue impact as follows:

General Fund: ($ millions)

FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
0	-30.2	-15.8	-15.8	-15.8	-15.8

Thank you for the opportunity to provide comments on this measure.

Business Strategies
Helping Family Owned & Closely Held Businesses

April 4, 2024

Testimony on hb 2653 HD1 SD1
Before the Senate Committee on Ways and Means

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee;

My name is Mike Miyahira. I have been assisting family owned businesses for more than two decades so I am very familiar with many of the issues and challenges that they face. I support HB 2653 HD1 SD1.

The proposed House Bill seeks to conform Hawaii's estate tax law to federal estate tax law by allowing a deduction from the taxable estate for the value of the decedent's qualified family-owned business interests, subject to certain qualifications.

The value of many family business owner's investment in their business is often focused on non-liquid assets such as facilities, rolling stock, fixtures, equipment and inventory. These assets cannot be easily converted to cash without having a detrimental effect on the business.

Estate taxes represent a significant challenge for many family owned businesses. They tend to invest much of their net earnings back into their businesses. That creates more jobs, enables them to enhance or expand their facilities, and enables them to purchase services and goods from others.

The payment of estate taxes takes cash out of a business. It's unfortunate that some family owned businesses have had to sell off assets in order to generate enough cash to meet their estate tax liabilities when an owner dies. In some cases, some families have resorted to buying term life insurance policies to ensure that the owner's estate has sufficient liquidity in the event of an owner's death. However this is an expensive back stop that is not always available.

Our state's family owned businesses are the backbone of Hawaii's economy and our communities. They employ many people, pay taxes, and invest in our communities. They are part of the fabric that our state relies upon.

Thank you for allowing me to present my testimony.

Mike Miyahira
Principal

P.O. Box 5683 • Hilo, Hawaii 96720-8683 • Ph: (808) 987-8328
email: mike@bus-strategies.com | www.bus-strategies.com

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

____________, April ___, 2024
Conference room 211; _____ _.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee:

My name is Peter Dods, and I am CEO of Easy Music Center.

Easy Music Center has been a locally run company since 1939, and I've been the CEO since 2005. We have 21 employees.

I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses continue upon the death of a principal shareholder.

As the owner of Easy Music Center, a local business serving our community for many years, I urge the committee to consider the repeal of Hawaii's estate tax. This tax disproportionately impacts family-owned businesses like mine. Unlike national chain stores, which are corporations and enjoy a form of immortality, local businesses face an uncertain future when ownership transitions. The potential burden of the estate tax can act as a death knell, forcing closure and jeopardizing the jobs of our dedicated employees.

Easy Music Center prioritizes personalized service, employing more than twice the number of staff per customer compared to national chains like Guitar Center. This focus on customer care fosters a strong connection with our community, a value often absent in large corporations focused on maximizing shareholder profits. Repealing the estate tax would create a fairer playing field, allowing local businesses like mine to survive and hopefully thrive, ensuring a diverse retail landscape that serves the unique needs of Hawaii's residents.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Sincerely,

Peter Dods

Peter Dods

DATE: April 5, 2024
TIME: 10:20 am
PLACE: VIA VIDEOCONFERENCE and Conference Room 211
BILL: HB 2653, HD1, SD1, Relating to the Estate Tax

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee,

On behalf of the Hawai'i Automobile Dealers Association (HADA), we are writing to **support** HB 2653, HD1, SD1, relating to the estate tax.

HADA's membership includes small and locally-owned businesses, many of which are operated by the family members of their founders. These business leaders are the fabric of life in Hawaii, directly employing thousands of workers, indirectly employing tens of thousands, and providing vehicle transportation to consumers across the islands. We believe that a narrowly tailored measure will help preserve the ability of locally-owned family businesses to continue to operate as we now know it.

Relief from the Hawaii estate tax will help ensure continuation of our business upon the death of a principal shareholder. Our understanding is that only twelve states have an estate tax and one is phasing it out.

HADA seeks to engage with legislators on issues of importance relevant to motor vehicles, our state's clean energy future, and safety.

We thank you for the opportunity to testify.

The Hawai'i Automobile Dealers Association is the voice of more than 60 new car dealerships across the islands, accounting for over 4,000 direct jobs, $6 billion total sales and more than $250 million in general excise taxes paid.

1099 Alakea Street, Suite 2530, Honolulu, Hawaii 96813 | (808) 447-1840

ALTRES®

April 4, 2024

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means
Hawaii State Capitol
Honolulu, Hawaii 96813

Subject: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support
April 5, 2024
Conference Room 211; 10:20am

Dear Chair Dela Cruz, Vice Chair Moriwaki and members of the committee:

My name is Barron Guss, President and CEO and second-generation owner of ALTRES, Inc. a three-generation, family-owned Hawaii business. For 55 years ALTRES has been providing services and jobs to our island community. Today, our in-house staff totals more than 350 people and last year we provided jobs, payroll, benefits and insurance to more than 42,000 Hawaii residents.

I am writing in strong support of HB 2653 HD1 SD1.

As you know, small business is the engine of society and family business is the cornerstone of Hawaii's economy. These local businesses make up the majority of the state's employers and, together, they provide jobs, benefits and the tax base from which we all live and thrive.

We all know the story of the exodus from Hawaii by our children and longtime residents who are relocating to the mainland to seek a better lifestyle for their families. Like many testifying here today, we are the fortunate ones who were able to lure our next generation of Hawaii's leaders back home to continue the legacy of service and commitment to our community. I, for one, am happy to have my three children working in our business and look forward to passing it on to them as my father did before me.

Unfortunately, the chance of this happening within the framework of Hawaii's current estate tax law makes this extremely unlikely. Under the current law, when a principal passes or a transfer is to take place, a financial evaluation is performed and, if the business is to continue, estate taxes must be paid on the value of the business. The casual observer may say, "Everyone is subject to tax" or "Such is life." This is not a realistic view of the situation.

Privately held businesses may be of high value, but their operating model is not usually one where there is a surplus of cash on hand to pay taxes, as our value is based on goodwill and the ability to earn future income.

For example, in a service business like ALTRES, there are no partial or hard assets to liquidate. We can't just sell our customer list from A through G and keep H through Z and continue to operate. Or, in the case of the neighborhood grocery store, are they to sell off 30% of the inventory and make the store 30% smaller to pay 30% of its value in taxes and then hope to survive? This scenario forces these small businesses to make hard choices. Should they sell to a mainland competitor, encumber the business with debt, or possibly close rather than put themselves at financial risk?

In any of these scenarios, it's the community that will suffer with the loss of locally owned businesses, jobs and services. Ultimately, this will result in a change in landscape and a Hawaii that we will no longer recognize.

As the legislature focuses on ways to expand to a more circular economy, it is important to recognize the role of locally owned businesses. If our landscape changes to mostly businesses from outside the state, you will see jobs leaving, financial resources eroding, and tax revenue declining. Equally concerning is the fact that family-owned businesses play a vital role in the support of Hawaii's non-profits. What becomes of them?

As outlined in HB 2653 HD1 SD1, harmonizing Hawaii's tax law with the IRS code and exempting the value of a family business from an owner's taxable estate is the first step in ensuring that family-owned businesses in Hawaii continue their vital role in the socio-economic landscape of our state.

Thank you in advance for your continued efforts to bring thoughtful legislation to the people of Hawaii.

Respectfully,

Barron L. Guss
President and CEO

Ave Kwok, Chairman - Jade Dynasty

Andy Huang, Incoming Chair - L&L Hawaiian Barbeque**Tambara Garrick, Secretary** –Hawaii Farm Project

Kahili Soon, Treasurer – Hukilau Marketplace **Ryan Tanaka, Past Chairman** –Giovanni Pastrami

Sheryl Matsuoka, Executive Director **Ginny Wright,** OperationsAssociate **Holly Kessler**, Director of Membership Relations

Date: April 4, 2024

To: Sen. Donovan M. Dela Cruz, Chair
Sen. Sharon Y. Moriwaki, Vice Chair
Committee On Ways and Means

From: Victor Lim, Legislative Lead

Subj: HB 2653, HD1, SD1 Relating to the Estate Tax

The Hawaii Restaurant Association representing 4,000 Eating and Drinking Place locations in Hawaii strongly supports HB 2653, HD1, SD1 that conforms Hawaii Estate tax laws to the provisions of the Internal Revenue Code, decreasing the burden on taxpayers and to ensure the survival of many family run businesses here in Hawaii.

Estate taxes are a significant challenge for many family owned business and having Hawaii’s provisions that are so much lower than IRS provisons take away needed capital out of reinvestment ability of small businesses to ensure long term survival, thus helping our local economy.

We are part of the minority of states with high estate taxes earning us the reputation of being one of the highest tax states for people and businesses.

Thank you for giving us this opportunity to share our view on this bill.

Hawaii Restaurant Association
2909 Waialae Avenue, #22 Honolulu, Hawaii 96826 Office 808-944-9105

April 4, 2024

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Re: HB 2653 HD1 SD1 Relating to the Estate Tax
Position: **Support**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committee:

My name is Toby Taniguchi and I have the privilege and honor of serving as President of our 108 year-old family owned and operated grocery business here on Hawaii Island.

I am writing in strong support of HB 2653 HD1 SD1, as this bill will help local family-owned businesses continue upon the passing of a principal shareholder.

Thank you for the opportunity to submit testimony in support, and I ask your favorable consideration in passing this bill.

Sincerely,

Toby B. Taniguchi
President

50 E. Puainako St. – Hilo, HI 96720 – 808-959-4575 – 808-959-8050 (fax)

LATE

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

Imagine life in Hawaii without Foodland's poke, Kamaka ukuleles, Zippy's chili, hurricane supplies at City Mill, CocoPuffs at Liliha Bakery, weddings at Kualoa Ranch and plate lunches at L&L. All of these and more are from Hawaii's family businesses. We are a part of what makes Hawaii Hawaii. And, unfortunately, we are an increasingly smaller part of Hawaii as family businesses disappear.

We represent 68 of Hawaii's family businesses. We have collectively been in business for several hundreds of years and over multiple generations. Together, we have created over 15,000 jobs throughout the State and several of us have been recognized as among Hawaii's Best Places to Work. We offer full career paths to our employees, which include rising to management and leadership positions. We always show up for charitable fundraisers and contribute a great deal of time and expertise to nonprofit organizations and community activities. We treat our customers and employees as family because they are our neighbors and friends.

We are all writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder. By giving us relief from the Hawaii estate tax, it will help ensure continuation of our business upon the death of a principal shareholder. This is not a money grab by lazy rich people. This is about helping Hawaii's hard-working family businesses to continue, so that they can create more jobs, reinvest in Hawaii and support the community.

We all believe in paying our fair share in taxes. We willingly pay what we should in income, excise and property taxes. Our issue is with how the estate tax works, which we believe is particularly devastating and unfair to family businesses and results in less State tax revenues than if other methods of taxation were used.

Why is it devastating? Every business and, for that matter, every charitable and governmental organization must reinvest in its future growth. Things wear out and must be replaced, of course, but more importantly, our customers want and deserve better products and services. Any business that doesn't reinvest most of its profits will fail. Competition is fierce, and not keeping up means losing. All of us reinvest the great bulk of our profits back into the business to hire more people, to provide better facilities, to invest in technology, and to make better products and services. As family business owners who are trying to keep our businesses viable and whose identities are based in them, we are used to working long hours and making sacrifices for our businesses.

The estate tax is imposed when someone dies. It's not only unpredictable but it is also severe (up to 20% of the value of the business). As businesses facing tough and often bigger companies, the choice becomes either reinvesting in the business to stay competitive or keeping cash idle in case a shareholder dies. The former need is certain and immediate (and if not met, may cause the business to fail and make estate taxes irrelevant), while the latter handicaps the business for an uncertain liability. Not surprisingly, we opt to reinvest our profits to stay in the game rather than hurt ourselves competitively by not using our cash resources. Life insurance can help but only up to a point, as it is very expensive and unaffordable for family businesses. Ultimately, when a shareholder of a family business dies, the business must sell all or parts of itself to pay the tax.

Why is the Hawaii estate tax unfair? Public companies (those listed on a stock exchange) don't pay estate taxes and don't worry about them. Their shareholders do, but they can readily sell their stock on an exchange. Hawaii family businesses are private companies. Unlike public companies, the shareholders and the family business are one. Shareholders are not able to sell their shares easily, so the family businesses must loan funds to them and sell off parts or all the business to provide those funds. Every one of us faces competition from much bigger and financially stronger public companies. That is hard enough, but the Hawaii estate tax handicaps us further. We are competing with one hand tied behind our backs. We all lament that parts of Hawaii are no different from a Los Angeles suburb with strip malls filled with national chains, and this is one of the reasons.

Why doesn't the estate tax collect as much tax revenues for the State as other methods of taxation? The Hawaii estate tax sucks a lot of funds from family businesses. Without it, family businesses would not have to sell parts or all of their businesses. We would use those funds to invest in Hawaii and create more jobs, expand our facilities and improve our products and services, thereby yielding additional excise, income and property tax revenues. With those additional employees, the State would also generate more income and excise taxes from them. And, the vendors and suppliers of our growing family businesses, and their employees, would benefit and pay more in taxes. Bluntly, the estate tax is not a smart tax. As the national Tax Foundation has stated in analyzing the estate tax, "The estate tax is one of the least effective means of raising revenue…The positive total federal revenue from these long-term changes would outweigh the modest amount of revenue lost from eliminating the tax." Why kill the golden goose of a thriving family business to raise one-time funds? Why not allow family businesses to continue and yield even more taxes into the future?

We should also point out that the Hawaii estate tax raises only a very small amount in revenues. Over the past five years, Hawaii estate taxes have raised less than one-half of one percent of total State tax revenues. And of that, an even smaller fraction came from the stock of Hawaii's family businesses. That is tiny compared to the damage wrought on an individual family business.

Moreover, we all can cite instances of our family members moving out of Hawaii to avoid this tax. Not only are their Hawaii estate tax revenues lost, but also their income, excise and property taxes. Economists Jon Bakija and Joel Slemrod calculated that if the typical retiree who would otherwise be subject to state estate taxes moves out of state five years prior to death, the state's revenue losses could be as much as 1.73 times as large as the tax revenues that might have been collected from that person's estate.

For all these reasons, it is not surprising that most states have repealed their estate taxes. At one time, all 50 states had an estate tax. In 2006, 24 states had a state estate tax, and in 2012, that number had fallen to 17 states. Today, only 12 states (including Hawaii) have estate taxes, and one of those is phasing it out. Why don't we join the great majority of states to end this devastating, unfair and ineffective tax? Help us continue to serve the community in all the ways that we have done and hope to do into the future.

Thank you for the opportunity to submit testimony in support. We ask for your favorable consideration in passing this bill.

With aloha:

Steven Ai, City Mill

Guy and Dana Akasaki, Commercial Flooring

Wendy Akita, Akita Enterprises

Kurt Bosshard, Kapaa Solar LLC

Christine Camp, Avalon Group

Stanford Carr, Stanford Carr Development

Clarice and Roland Casamina, House of Finance

Wayne and Jackie DeLuz, Big Island Subaru and Big Island Toyota

Peter Dods, Easy Music Center

Sumner Erdman, Ulupalakua Ranch

Damien Farias, Sr., Maui Toyota

Josh Feldman, Tori Richard

John Finney, Johnny Finney LLC/Carls Jr./Kawaihae Industrial Center

Elisia and Eddie Flores, L&L Hawaiian Barbeque

Kamaka Freitas, KLF Repair Services

Michael Fujimoto, HPM Building Supply

Mark, Peter and Emily Fukunaga, Servco Pacific

Ken Gilbert, Business Consulting Resources

Ben Godsey, ProService

Louis Gomes, Ground Transportation, Inc.

Chad Goodfellow, Goodfellow Brothers

Barron and Raquel Guss, Altres

Clyde Hamai, Hamai Appliance

Russell Hata, Y. Hata

Larry Heim, HonBlue

Jason Higa, Zippy's

Sylvia Ho, Jade Dynasty Seafood Restaurant

Don Horner, Malu Investments

Alan Ikawa, Big Island Candies

John Ishibashi, Kauai Vehicle Service Center

Meli James, Mana Up Hawaii

Chris Kamaka, Kamaka Ukuleles

Guy Kamitaki, Ben Franklin/Ace Hardware

Clyde and Landon Kaneshiro, Honolulu Disposal Service

Alison Kessner and Ben Takayesu, McCully Bicycle & Sporting Goods

Peter Kim, Liliha Bakery and Yummy Restaurant Group

Kelvin Kohatsu, Managing Director of Hawaii Transportation Association

Alton Komori, Pacific Administrators

Paul Kosasa, ABC Stores

Bert and Rachel Lau, Oahu Veterinary Clinic

Russell, Connie and Jennifer Lau, Finance Factors

James Lee, Hee Hing Restaurant

Worldster Lee, M.D., Cataract & Retina Center of Hawaii

Cathy, Warren and Bryan Luke, Loyalty Enterprises and Hawaii National Bank

Ian MacNaughton, MacNaughton

Stan Masamitsu, Tony Group

Kenneth and Richard Matsui, Petland

Stephen Metter, MW Group/Hawaii Self Storage/Plaza Assisted Living

Michael Miyahira, Business Strategies

Patricia Moad, Continental Assets Management

John Morgan, Kualoa Ranch

Mike and Jan Nakashima, Rannikks Auto Specialists

Brad Nicolai, JN Group

Scott Obara, United Tire & Recapping

Rob and Cindy Pacheco, Hawaii Forest & Trail

Melissa Pavlicek, Hawaii Automobile Dealers Association

Michael and Mike Pietsch, Title Guaranty

Nathan Reyes, Matt's Transmission Repair & Hawaii Specialty Vehicle

Bahman and Kimia Sadeghi, Meadow Gold Dairies

Erik Soderholm, Soderholm Bus & Mobility

Steven and Candace Sombrero, Chaney Brooks and Aloha Beer

Michael Tam, Martin & MacArthur

Calvin Tamaye, Ace Auto Glass

Toby Taniguchi, KTA Super Stores

Monica Toguchi Ryan, Highway Inn

Tyler and Dana Tokioka and Colbert Matsumoto, Island Insurance Companies

Kenshiro Uki, Sun Noodle North America

Jenai, Roger, Alana and Eamon Wall, Foodland

J.D. Watumull, Watumull Properties Corp.

Robert and Michael Wo, C.S. Wo/HomeWorld

Steven Yamasaki, Truck Shop Maui

Saedene Yee-Ota, Sae Design Group

LATE

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee:

My name is Guy Akasaki and I am the founder and CEO of Commercial Roofing & Waterproofing Hawaii, Inc. We have been in business for 31 years and employ 110 employees across the Islands of Oahu, Maui, Kauai and the Big Island.

I also own and operate two other related companies, Honolulu Roofing & Waterproofing and Greenpath Technologies. Honolulu Roofing is a Union roofing company has been in business for 22 years, and we employ 27 employees to cover specialty, government and hospitality projects island-wide. Greenpath Technologies is our electrical contracting company with a focus on renewable energy. Greenpath has been in business for 17 years and we employ 20 employees on Oahu.

I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder.

Within the last 15 years, two of my daughters have joined the business and have been learning the ebb and flow and intricacies of family business. I have one more daughter who resides on the mainland and is not certain of her pathway yet. My wife and I would like to see our children continue in the business beyond ourselves, and continue to support our employees and families that they represent for decades to come through our Companies. My wife and I are the principal shareholders and we can see relief from the Hawaii estate tax would enable more of the company profits to be reinvested into the business, to support growth and continue to be a presence in Hawaii.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Sincerely,

Guy Akasaki
Founder & CEO, Commercial Roofing & Waterproofing Hawaii, Inc.
CEO, Honolulu Roofing & Waterproofing, Co.
Chairman, Greenpath Technologies

LATE

HAWAII APPLESEED
CENTER FOR LAW & ECONOMIC JUSTICE

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

I am testifying on behalf of Hawai‘i Appleseed in **opposition** to HB 2653, which would raise the thresholds for the estate tax and allow the value of a family-owned business to be deducted from the total value of the estate. This bill would disproportionately benefit the wealthy at the expense of necessary investments in working families.

Passage of HB 2653 would prioritize the wealth of the few over the needs of the many. Already this session, the legislature has rejected bills that would have helped strengthen Hawai`i’s economy and working families:

- HB 1775, which would have ensured that every public school student has access to breakfast and lunch at a cost of $23 million;
- SB 3332, which could have prevented the eviction of 2,500 families through a rent relief and mediation program at a cost of $13 million; or
- HB 1662, which could have provided a credit of $325 per child for 176,000 children in families for whom $325 would make a significant difference at a cost of $42 million.

We cannot afford to provide tax breaks for Hawai`i’s most wealthy residents at a time of such great need for our broader community: Maui wildfire relief; hazard pay for state workers; and numerous other services and supports for Hawai‘i’s people.

Proponents of the bill suggest cutting the estate tax will actually result in payment of more taxes because estate taxes not paid can be reinvested into family businesses, creating more jobs and more revenue that will be subject to tax. That concept has not worked.

The 400 wealthiest families in the U.S. paid an effective tax rate of 56 percent in 1960. By 2018, it was down to only 23 percent—lower than the rate paid by the bottom half of U.S. households. Rather than ushering in a period of promised prosperity for all, these tax cuts on the wealthy have led to greater disparities in wealth. In 1989, the top 10 percent of Americans held 61 percent of the nation’s wealth. By 2021 they had 70 percent of it. In contrast, the bottom 50 percent of families owned just 2.5 percent of the wealth. The approach of cutting taxes on the wealthy has hollowed out the middle class, and contributed to the very issues that the legislature has been grappling with in recent years–Hawai`i’s working families being forced to leave because they are unable to make ends meet.

Hawai‘i’s estate tax threshold, the amount at which estates can be taxed, is already high at $11 million for a couple. This means that the estate tax is squarely focused on the wealthiest residents in Hawai‘i, not middle-income residents who may pass on homes in the $1 million to $2 million range at most—along with a small amount of other assets—to the inheritors of their estate. As such, HB 2653’s would represent a tax break exclusively for the wealthiest households in the state–estimated at the top 0.2 percent based on national data.

HB 2653 proposes raising the exemption amounts for estates to $13.6 million for singles and $27.2 million for couples by 2024. These thresholds are far beyond what the average household in Hawaiʻi would ever be able to accumulate. This would only serve to help millionaires, allowing them to pass on more of their wealth to their children without paying taxes.

In addition, the lost estate tax revenue will negatively affect our working families, since it would require the legislature to divert resources that should be used for a number of important investments. Greater investments in areas such as affordable housing and tax credits for low-income residents would significantly improve the economic security of all working families in Hawaiʻi, and we cannot afford to lose any potential funds for these priorities.

We urge Hawaiʻi's legislators to reconsider HB 2653's provisions and ensure that tax relief is distributed equitably. Overall, we must prioritize the needs of working families by building a fairer tax system, and there is no evidence that lowering estate taxes on the wealthy would trickle down to working families in any meaningful way.

Mahalo for your consideration.

Liliha Bakery Corporate Office 1440 Kapiolani Blvd. #1288, Honolulu, HI 96814
PH: 808.941.4588 | lilihabakery.com | info@lilihabakery.com

April 1, 2024

LATE

Representative Kyle Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair
Committee on Finance

Wednesday, April 3, 2024: **Agenda #2**
Conference room 308; 2:15pm

RE: SB 3289 Relating to Taxation – In Support, Request Amendments

Aloha Chair Yamashita, Vice Chair Kitagawa and members of the committee:

My name is Peter Kim and I am the President of Liliha Bakery. Liliha Bakery has been in business for 73 years and intend to continue its legacy that was built by its founders.

I am in support of SB 3289 SD1 but prefer HB 2653 SD1, as it is more narrowly focused to help preserve locally-owned family businesses. By giving us relief from the Hawaii estate tax, it will help ensure continuation of our business upon the death of a principal shareholder. Only 12 states have an estate tax and one is phasing out. This bill will ensure the next generation to continue serving the community of Hawaii.

Thank you for the opportunity to submit a testimony in support. I ask for your consideration in passing this bill with amendments, inserting the contents of HB 2653 SD1.

Sincerely,

Peter Kim
President

SERVCO

LATE

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Mark Fukunaga, and I am the Executive Chairman (and former CEO) of Servco Pacific Inc. Servco was founded by my grandfather in 1919 and is now in its 105th year. We employ 1,084 employees in Hawaii, many of them having been with us for decades. Servco has been recognized as a Best Place to Work for the past 20 years and as one of the Best Managed Private Companies in the U.S. by Deloitte and the Wall Street Journal for the four years since that award's inception. We support local charities with about $1 million in donations annually and a lot of volunteer work. Through our paid internship program, we gave work experience to 29 interns last summer, many of whom are from Hawaii but are away at college and want to return. Our charitable foundations now support 44 Hawaii students with college scholarships.

I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder. My reasons are as follows:

- First, Hawaii is one of only 12 states that have a state estate tax, and 38 states have repealed the tax and one more is phasing it out.
- Second, estate taxes are a huge challenge for family businesses. We all reinvest the great majority of our profits into our businesses to create more jobs, improve facilities and remain competitive. We simply don't have large amounts of cash available to pay estate taxes. Families are either forced to sell all or parts of their businesses. Life insurance can help, but only partially as it is very expensive. Family businesses simply can't afford to buy sufficient insurance.
- Third, public companies who compete with family businesses don't have to worry about estate taxes. Those taxes are imposed on their shareholders, who can then sell some of their shares on a stock exchange to pay the taxes. That option is not available to a family business, where the business and shareholders are effectively the same and the business must provide the funds to its family shareholders to pay the tax. Competing against global competitors is tough enough without this additional handicap.
- Fourth, as a matter of tax policy, many economists believe that the estate tax ends up collecting less revenue than if the tax were not imposed and that capital were reinvested in future growth. The increased income and excise taxes from that business, along with the multiplier effect of taxes from employees, vendors and suppliers of that business, and so on, results in more revenue over time. In Servco's case, if we did not

have to pay the State estate tax, we would build another mid-sized dealership with that capital. We calculated what that new dealership would generate in total State excise, income, import and property taxes, and State income taxes from additional employees. The payback period to the State on the foregone estate tax would be **under 3 years**. The total amount of those ongoing State taxes over the next 20 years would be over **14 times** the foregone State estate tax. Zippy's has done a similar analysis and found their payback period to be 4.4 years and again multiple times more in State taxes paid over the next 20 years.

- Fifth, over the past 5 years, the State estate tax only collected an average of $42 million annually, which is less than one-half of one percent of total state tax revenues. And the amount of estate taxes from family business owners is an even smaller fraction. That small benefit is outweighed by the substantial harm to family businesses and eventually the State's economy. The relief in this bill is strictly limited to those with stock in closely held businesses as defined by Section 6166 of the Federal Internal Revenue Code and would not be available for publicly traded stock or passive investments.
- Lastly, Hawaii-based businesses, which are mostly family businesses, are a critical part of our economy. We generate many jobs (including those for middle and upper management, and financial, digital and marketing specialists) and, being philosophically and emotionally invested in Hawaii for the long haul, we take good care of our employees and customers. Because of our commitment to Hawaii, we also disproportionately support local nonprofits and community initiatives.

For Servco and the Fukunaga family, estate taxes are a major concern. We reinvest 90% of our profits into the business, and even with the 10% in dividends received by the Fukunaga family, most of that money is used to buy life insurance solely to pay for estate taxes. Even at that, we cannot afford to buy all the life insurance that we will need in the future. So, Servco will have to make substantial loans to or buy back stock from the Fukunaga family to pay those taxes. That capital could have been so much better used in hiring more people and investing in Hawaii.

Like other families who own businesses, the Fukunaga family has always seen itself less as owners and more as custodians of a special legacy. We are proud of our history and want to continue serving Hawaii for another 105 years, and we are lucky that we have several very capable next generation family members who are leading Servco into the future. Unfortunately, estate taxes are a looming challenge and will deprive them of needed capital that would help Servco to remain competitive and continue serving our community.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Very truly yours,

Mark H. Fukunaga
Executive Chairman

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 11:07:39 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Tyler Tokioka	Testifying for island insurance	Support	Written Testimony Only

Comments:

Senator Donovan Dela Cruz, Chair

Senator Sharon Moriwaki, Vice Chair

Committee on Ways and Means

Friday, April 5, 2024

Conference room 211 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax - In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Tyler Tokioka and I am Chairman of Island Insurance ?Companies. We have been in business for 80+ years and have 150+ employees.

I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Sincerely,

Tyler Tokioka

Chairman

Island Insurance Companies

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 11:08:46 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Stephen B. Metter	Testifying for Plaza Assited Living and Hawaii Self Storage	Support	Written Testimony Only

Comments:

Aloha,

I strongly support HB 2653 SD1, this bill helps local families to preserve their family run businesses, and better compete against large mainland companies.

Respectfully,

Stephen Metter

Pacific Administrators, Inc.

LATE

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Alton H. Komori, locally born, raised and educated President/CEO and sole owner of Pacific Administrators, Inc., a closely held company, which opened its doors for business in January 2001 and has continuously served the people throughout the state for 23 years and counting, and currently employs over 50 full time employees.

I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder.

Pacific Administrators has been recognized as one of the Best Places to Work in Hawaii for fifteen of the past seventeen years and your kokua to support and pass this legislation will provide estate tax relief for my immediate family members (and/or key employees) who may take my place as owner(s) in the future, and help to support the longevity of the company and our efforts to continually enhance the lives of our many employees and hundreds we service daily.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Sincerely,

Alton H. Komori

Alton H. Komori, President/CEO

1440 Kapiolani Blvd., Suite 800 • Honolulu, HI 96814 • Phone: (808) 441-8600 • Claims: (808) 441-8700 • Fax: (808) 441-8750 • Toll Free: (888) 520-8078

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 11:23:10 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Ken Gilbert	Testifying for Business Consulting Resources, Inc.	Support	Written Testimony Only

Comments:

My name is Ken Gilbert and I am Co-Founder of Business Consulting Resources, Inc.(BCR)

Business Consulting Resources was founded in Hawaii 43 years ago by my wife, Jean Santos, 4th generation in Hawaii, and myself. We are a Management and Business Consulting firm that is a Family Business, that consults Family Businesses in Hawaii that is transitioning to our next generation son who was born and raised in Hawaii with his twin sister.

I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder. We have worked with and consulted hundreds of our Hawaii Family Owned Businesses over the years and are fortunate to have an amazing team of consultants that are passionate about supporting and insuring that Family Businesses in Hawaii transition to future generations. I encourage the passing of this legislation!

Thank you!

Sincerely,

Kenneth M. Gilbert

LATE

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Lawrence S. Heim, and I am the President & CEO of HONBLUE, Inc.
Our company employs more than 90 people here on Oahu and Maui. HONBLUE was founded in 1967 by my father Lawrence A. Heim. We are currently the largest commercial printing company in Hawaii providing a variety of print services to the local community.

I am writing in staunch support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder. Estate taxes, often levied on the transfer of assets after death, can indeed present challenges for family-owned businesses. Unlike public companies, which are owned by numerous shareholders who can liquidate shares to pay taxes, family businesses may not have the same liquidity. This can potentially lead to a situation where family businesses must sell off assets or portions of the business to cover estate tax liabilities, which can affect the continuity and operational capacity of the business. It is important for policymakers to consider the implications of estate taxes on small and family-owned businesses to ensure a level playing field in the market.

Thank you for the opportunity to submit testimony in **support**. I ask for your favorable consideration in passing this bill.

Sincerely,

Lawrence S. Heim

Foodland
Food, Family, Friends & Aloha

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 AM

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee:

My name is Jenai Wall and I am chair and chief executive officer of Foodland Supermarket Ltd., a company founded by my late parents Joanna and Maurice J. "Sully" Sullivan 75 years ago, in 1948. I also serve as chief executive officer of the other entities that comprise the Sullivan Family of Companies including Food Pantry, Ltd., Kalama Beach Corporation, and The Coffee Bean and Tea Leaf Hawaii. Together, our entities employ more than 4,000 employees across the state.

From the earliest days, my parents were committed to doing their part to support our community, and they instilled in us a belief that we have a responsibility to support the community that supports us. Even as competition has become fierce and operating our business is more challenging than ever, we have remained dedicated to giving back to Hawaii by supporting non-profits throughout our state. In fact, with the help of our customers we have raised nearly $40 million through Give Aloha, Foodland's annual community matching gifts program, which was started in 1999 in memory of my late father.

I am writing in strong support of HB 2653 HD1 SD1 for the reasons below:

- This bill will help ensure that local family-owned businesses will be able to continue to operate in Hawaii upon the death of a principal shareholder. We believe Hawaii would be a very different place without local businesses like ours who care deeply about – and invest in - this place we call home.

- Families like ours who own Hawaii businesses are committed to our employees, customers and the Hawaii community. Because we want our businesses to continue into the future, we reinvest most of our profits in the business to create jobs and improve the experience for those we serve. At Foodland, for example, we have reinvested in building innovative, new stores so that our customers have a great experience that is local and distinctly different from our larger, out-of state competitions. As such, we – like many other family businesses - do not have ready cash available, and thus paying an estate tax could be financially devastating to our business. I worry that my children – and other family heirs – will have no choice but to sell even though doing so is against their wishes and even though they know such a sale could impact our employees and customers.

- Competition here in Hawaii is already tough and estate taxes put family businesses at a disadvantage against competitors that are public companies. A public company doesn't have to pay estate taxes; only their shareholders do, and they can sell a portion of their holdings on the stock exchange. For family businesses, the shareholders and the company are the same, and the company has to provide the funds to its family shareholders to pay the tax — amounts that would likely otherwise have been invested in the business.

- As a matter of tax policy, many economists believe that the estate tax actually collects less revenues than if the business were not so taxed and instead reinvested those funds in growth. Such reinvestment would likely result in additional jobs and a greater amount of income and excise taxes over time. Only 12 states now have a state estate tax, and other states have repealed it.

- The small benefit of estate taxes (only $58 million raised in 2023) is outweighed by the substantial costs of hurting local businesses.

- Locally owned businesses are the backbone of a healthy economy and generate many jobs and understand local consumers. Locally owned businesses significantly invest time and money in local nonprofits, charities and more. Imagine what Hawaii might be like without local businesses. There might be fewer jobs and there likely would be less dollars reinvested in making our community a better place to live.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Sincerely,

Jenai S. Wall
Chair and Chief Executive Officer
Foodland Supermarket, Ltd.

HB-2653-SD-1
Submitted on: 4/4/2024 12:29:02 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Raquel Guss	Testifying for ALTRES	Support	Written Testimony Only

Comments:

Senator Donovan Dela Cruz, Chair

Senator Sharon Moriwaki, Vice Chair

Committee on Ways and Means

Friday, April 5, 2024

Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Raquel Guss, Director of Strategy, and third-generation owner of ALTRES, Inc. a three-generation, family-owned Hawaii business. For 55 years ALTRES has been an integral part of the fabric of Hawaii. We have been providing services and jobs to our community and today we provide jobs, payroll, benefits, and insurance to more than 42,000 Hawaii residents.

I am writing in strong support of HB 2653 HD1 SD1.

As we can all agree, we want small business to continue to thrive in Hawaii. Small business is not only the engine of our society, but family business is the cornerstone of what makes Hawaii, Hawaii.

Being part of the third generation of ALTRES, I decided to move back home three years ago. Although one of the best decisions of my life, the current estate tax law makes it extremely difficult to feel confident that I, and ALTRES, will be able to survive once my father passes. My hopes have always been to continue the legacy that my father and his father built before us, helping this next generation find purpose and work, in addition to providing payroll, benefits, and HR services across the islands.

When I came home my father shared that the opportunity to run ALTRES was a huge responsibility, one that isn't about title or grandeur, but about being a good community custodian. ALTRES, although provides many jobs and services, is our way of giving back and doing good in our community. I can proudly say that we not only have 350 in-house staff, but we have created 100 new positions at ALTRES in the last few years. We pour millions of dollars back into our community through our Foundation, and when a nonprofit or fellow local business needs help, we are always the first to raise our hand in support.

One of the things that many don't know about ALTRES is that we are a technology company as well as a payroll and staffing company. The reason I bring this up is because I know that many of the companies that are luring our families and keiki to stay on the continent are in this vertical. My goal is to continue to bring high paying technology jobs to the Hawaii market so that our kids, my peers, and our families no longer have a reason to not come home.

Recently, I had the privilege of becoming a part of this year's Pacific Century Fellows cohort, gaining deep insights into the challenges facing our state. What stands out to me about this group is the genuine desire among its members to contribute to Hawaii's ongoing development. My hope is that the decline of family-owned businesses does not become part of the narrative of why Hawaii is no longer the Hawaii we love. We can support the health and livelihood of our family businesses, the jobs they create, and community support they give by re-addressing how the estate tax law is written.

Mahalo for your consideration,

Raquel

Cushman & Wakefield
ChaneyBrooks
1440 Kapiolani Boulevard,
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Direct +1 808 544 1600
Fax +1 808 544 9574
flast@chaneybrooks.com
chaneybrooks.com

LATE

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Steve Sombrero, President and principal owner of Cushman & Wakefield Chaney Brooks, Hawaii's oldest and largest locally owned commercial real estate services company. Our company has facilitated billions of dollars in brokerage and leasing transactions involving local, mainland, and international clients and has contributed to Hawaii's economy in a very substantial way.

I am writing to express my strong support for HB 2653 HD1 SD1, which seeks to preserve local family-owned businesses beyond the death of a principal shareholder. As a family-owned company, I have taken advice from tax experts on how best to plan for the eventual transfer of our business to my successors. One of the most common recommendations is to move the headquarters of our company to mainland jurisdictions that do not impose state estate taxes.

Passing HB 2653 HD1 SD1 would remove the need for family-owned businesses in Hawaii to consider such drastic measures to preserve their businesses. I urge you to support this bill to keep Hawaii's family-owned businesses in our state.

Thank you for considering my testimony in support of this important bill.

Sincerely,

Steve K. Sombrero

President and CEO

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 1:56:09 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Kenneth Matsui	Testifying for Petland	Support	Written Testimony Only

Comments:

Senator Donovan Dela Cruz, Chair

Senator Sharon Moriwaki, Vice Chair

Committee on Ways and Means

Friday, April 5, 2024

Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Kenneth Matsui, and I am the second-generation owner of Petland, a family-owned pet store that has been serving the people of Hawaii for 70 years. My father, a proud veteran who served in the esteemed 442nd Regimental Combat Team during World War II, started this business from humble beginnings, selling goldfish from a wheelbarrow in Chinatown. Through hard work, dedication, and a deep commitment to our community, Petland has grown into a trusted establishment, providing families with happy and healthy pets for generations.

I am writing today in strong support of SB3345/HB2653, a bill that aims to ensure the continued operation of local family-owned businesses like Petland in Hawaii. While we are committed to paying our fair share of taxes, the current estate tax structure endangers the continuity of many local businesses.

The issue lies in how the estate tax impacts family-owned businesses. Unlike publicly traded companies whose shareholders can readily access funds through the stock market, family businesses like mine often reinvest most of our profits back into the company. This creates jobs, improves our facilities, and allows us to better serve our customers. However, when the inevitable time comes to pass the business on to future generations, the burden of estate taxes can be financially crippling. Heirs frequently lack the immediate cash reserves to pay these taxes, forcing them to make the heartbreaking decision to sell the very business that embodies our family legacy.

This tax ultimately disadvantages family businesses like mine when compared to larger, publicly traded corporations. Public companies are not subject to estate taxes at the corporate level, and their shareholders, if they choose, can simply sell a portion of their stock to cover any personal tax obligations. Family businesses, on the other hand, are one and the same with their shareholders. We, the family, are the company, and we must find a way to scrape together the funds to pay the estate tax, often at the expense of the business itself.

Family-owned businesses are the backbone of a healthy and vibrant economy. We create jobs, understand the needs of our local communities, and are deeply invested in their well-being. We contribute time, money, and expertise to local non-profits and government service. By supporting SB3345/HB2653, we can ensure that these vital businesses continue to thrive for generations to come.

Thank you for your time and consideration.

Sincerely,

Kenneth Matsui Owner, Petland

LATE

TESTIMONY FROM THE DEMOCRATIC PARTY OF HAWAI'I

SENATE COMMITTEE ON WAYS AND MEANS

APRIL 5, 2024

HB 2653, HD1, SD1, RELATING TO THE ESTATE TAX

POSITION: OPPOSITION

The Democratic Party of Hawai'i **opposes** HB 2653, HD 1, SD1, relating to the estate tax. Pursuant to the "Economic Justice and Labor" section of the official Democratic Party of Hawai'i platform, the party supports "policies that circulate currency through our economy, helping businesses to thrive, including tax policy that lessens the tax burden of low- and middle-income earners and increases the tax burden of high-income earners and the wealthy. We support government investments of tax revenue in community development, government anti-poverty programs, and the transition to a sustainable, green economy."

Passing this proposal would be utterly irresponsible at this time.

Last year, we witnessed the impact of the climate emergency on our shores. On August 8, 2023, wildfires swept across Maui and killed at least 100 people, making it one of the nation's deadliest natural disasters. The spread of the fires has been attributed to climate change conditions, such as unusually dry landscapes and the confluence of a strong high-pressure system to the north and Hurricane Dora to the south.

The wildfires destroyed over 2,200 structures, including numerous residential buildings, historic landmarks, and school facilities, including King Kamehameha III Elementary School. The wildfires destroyed over 2,200 structures, including numerous residential buildings, historic landmarks, and school facilities. In September 2023, a report from the United States Department of Commerce estimated the total economic damage of the wildfires to be roughly $5.5 billion. According to a report issued by the University of Hawaii Economic Research Organization on September 22, 2023, the unemployment rate on Maui was expected to soar above 11 percent by the end of 2023 and remain above 4 percent through 2026. A total of 10,448 new claims for unemployment in Maui County were filed in the four weeks following the wildfires, about 9,900 more than the preceding four weeks. Displaced families and workers who lost their jobs are still attempting to recover from the disaster, with a full recovery expected to take many years to achieve.

On March 11th of this year, the Council on Revenues released a forecast showing four percent projected growth for the ensuing fiscal year. Moreover, Gov. Josh Green recently requested an additional $362 million for the current fiscal year to pay for Maui wildfire recovery costs, such as temporary housing for displaced families. The estate tax–which was diluted during the Trump administration to allow more millionaires to concentrate their wealth without paying taxes–was originally instituted to prevent the intergenerational consolidation of wealth by those who are economically privileged. **<u>This bill would re-conform our estate tax to federal levels, making the amount of our exemption the largest among states that have an estate tax and causing Hawai'i to miss out on essential revenue when we most need it, which would otherwise by paid by those most financially able to contribute to the public good.</u>**

Now is the time to *raise* revenue, rather than expanding tax breaks for our state's richest residents.

Mahalo nui loa,

Kris Coffield
Co-Chair, Legislative Committee
(808) 679-7454
kriscoffield@gmail.com

Abby Simmons
Co-Chair, Legislative Committee
(808) 352-6818
abbyalana808@gmail.com

ZIPPY'S

LATE

April 4, 2024

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee:

As a local, family-owned restaurant business since 1966, we support HB 2653 HD1 SD1 because it ensures that Hawaii family-owned businesses can continue their operations in Hawaii upon the death of a principal shareholder.

In 1999, Francis Higa (one of two co-founders of Zippy's) passed away unexpectedly. But for existing federal and state laws which allowed the deferral of estate tax payments over 15 years, Zippy's could not have continued as a local family business as the business would have to be sold (likely to a mainland buyer) in order to pay the estate taxes.

Estate taxes put family businesses at a disadvantage against competitors that are public companies. A public company doesn't have to pay estate taxes; only their shareholders do and they can sell a portion on the stock exchange. For family businesses, the shareholders and the company are the same, and the company has to provide the funds to its family shareholders to pay the tax.

As a matter of tax policy, many economists believe that the estate tax actually collects less revenues than if the business were not so taxed and reinvested those funds in growth resulting in additional jobs and a greater amount of income and excise taxes over time. Only 12 states now have a state estate tax, and other states have repealed it.

The small benefit of estate taxes (only $58 million raised in 2023) is outweighed by the substantial costs of hurting local businesses. Locally owned businesses are the backbone of Hawaii's economy and generate many jobs and understand local consumers. Locally owned businesses significantly invest time and money to local nonprofits, charities and more.

Mahalo for your consideration,

Jason Higa
Chief Executive Officer
FCH Enterprises, Inc.

LATE

MACNAUGHTON

April 4, 2024

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Ian MacNaughton and I am Chief Executive Officer and Principal of MacNaughton Inc.

As CEO of a locally-owned company doing business in Hawai`i since 1975, I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses after the lifetime of the principal shareholder. As a local family-owned business, we deeply care about our community and believe that having locally-owned businesses in Hawai`i provides outsized benefits to our community. Most states have recognized the negative impacts of the estate tax and have repealed their estate taxes. Hawai`i should do so as well.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Best Regards,

Ian MacNaughton

1288 Ala Moana Blvd., Suite 208 Honolulu, HI 96814
808-545-7722
info@macnaughton.com
MacNaughton.com

LATE

AKITA ENTERPRISES, LTD.
2960 Aukele St.
Lihue HI 96766-1462

Phone: 808-245-5344

April 4, 2024

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Wendy Akita and I am President of Akita Enterprises, Ltd. which has been in business on Kauai since 1946. We are a transportation contractor currently operating on Kauai and the Big Island, primarily providing school bus transportation for the public schools. We have also transported the USPS mail on Kauai for over 50 years. Before Covid, we employed 140 employees statewide on Kauai and the Kau district on the Big Island. We currently employee 80 employees on Kauai and the Big Island.

I strongly support HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder. Family owned businesses are an essential economic driver for our state and we need to support them and not reduce their numbers.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Sincerely,

Wendy Akita

Wendy Akita, President
Akita Enterprises, Ltd.

GRASSROOT
INSTITUTE OF HAWAII

1050 Bishop St. #508
Honolulu, HI 96813
808-864-1776
info@grassrootinstitute.org

Removing barriers to Hawaii's prosperity

April 5, 2024 10:20 a.m.
Hawaii State Capitol
Conference Room 211 and Videoconference

LATE

To: Senate Committee on Ways and Means
Sen. Donovan M. Dela Cruz, Chair
Sen. Sharon Y. Moriwaki, Vice-Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY SUPPORTING HB2653 HD1 SD1 — RELATING TO TAXATION

Aloha Chair Dela Cruz, Vice-Chair Moriwaki and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer its **support** for HB2653 HD1 SD1, which would conform Hawaii's estate tax law to federal estate tax law and create an estate tax benefit for certain family owned businesses.

Research has shown that estate taxes lower business investment and harms job creation.[1] And to put this bill into context, only 12 states even have estate taxes. Among those, Hawaii is tied with Washington state for having the highest estate tax rates — with both topping out at 20% for certain estate values.[2]

Making matters worse, Hawaii's estate tax threshold is also relatively low — $5.49 million per individual versus $13.61 million at the federal level. And once the threshold is exceeded, Hawaii's rates kick in at anywhere from 10% to 20%, depending on the value of the estate, as the table below shows.[3]

[1] Pavel A. Yakovlev and Antony Davies, "How does the estate tax affect the number of firms?" Journal of Entrepreneurship and Public Policy, April 14, 2014; and Donald Bruce and John Deskins, "Can state tax policies be used to promote entrepreneurial activity?" Small Business Economics, Feb. 19, 2010.
[2] Andrey Yushkov, "Does Your State Have an Estate or Inheritance Tax?" Tax Foundation, Oct. 10, 2023.
[3] "Hawaii Estate Tax Explained," Valur Library, accessed Feb. 11, 2024.

Estate value	Marginal rate
$5,490,000 – $6,490,000	10%
$6,490,000 – $7,490,000	11%
$7,490,000 – $8,490,000	12%
$8,490,000 – $9,490,000	13%
$9,490,000 – $10,490,000	14%
$10,490,000 – $15,490,000	15.70%
Over $15,490,000	20%

This bill seeks to give tax relief to certain family-owned businesses by tying Hawaii's exemption value to the federal exemption value, which is set to decrease to about $7 million beginning in 2026.[4]

This is not a new idea: Until 2018, Hawaii's exemption had been tied to the federal tax code.

Increasing the value of Hawaii's "zero bracket" exemption would help local businesses stay afloat in Hawaii's often unfriendly business environment.

As the bill notes, "The imposition of estate taxes upon the death of the owner of a family business has sometimes resulted in the sale of that business, as that is the only way sufficient cash can be raised to pay those taxes. In other cases, family businesses have sold key assets or operating divisions to raise cash for those taxes."

As the bill also notes, aligning Hawaii's estate tax with the federal tax would reduce the administrative burden on the state Department of Taxation, since currently the department must "independently monitor and examine the filings of estate tax returns."

In other words, adopting this bill would be a win-win for both local businesses and the state government.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

[4] "Federal Estate and Gift Tax Exemption Will Sunset After 2025: How to Prepare Now," Cherry Bekaert, June 15, 2023.

LATE

Testimony opposing HB 2653

Miles Trinidad, Policy Analyst, Institute on Taxation and Economic Policy (www.itep.org)

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Senate Ways and Means Committee, thank you for the opportunity to provide testimony on HB 2653. My name is Miles Trinidad, and I'm a policy analyst with the Institute on Taxation and Economic Policy, a nonprofit, nonpartisan research organization that focuses on state, local, and federal tax policy issues.

On behalf of ITEP, I am testifying in opposition to HB 2653.

Estate taxes play an important role as a revenue raiser in helping states fund public services, while adding progressivity to a state's overall tax system. This is especially important as most taxes levied by state and local governments, particularly consumption taxes, fall most heavily on low-income families. Sales and excise taxes comprise more than 48 percent of total tax revenue in Hawai'i, a share that is nearly 30 percent higher than the national average.[i] In addition, the estate tax is one of the few ways wealth is taxed and is essential to reducing economic inequality. Because wealth is so disproportionately held by white households, improving racial equity requires a strong estate tax.[ii]

Wide gaps in income and wealth continue to persist across the country, and Hawai'i currently has an overall regressive tax system with lower-income households paying a higher share of their incomes in taxes compared to their higher-income peers.[iii]

The changes being proposed by HB 2653 would only exacerbate these issues.

To elaborate, I'll touch on the following points:

1. Hawai'i's overall tax system is regressive, with higher-income households paying a lower effective tax rate than their lower- and middle-income peers.
2. Hawai'i would be better served by pursuing progressive reforms to its tax code to reduce its overall regressive tax code and leverage its above-average concentration of extreme wealth for the benefit of all Hawai'i residents rather than pursuing an estate tax reform that further benefits the wealthy.
3. Conforming the state's estate tax to the federal tax would be deeply regressive as the federal tax is the weakest it has ever been in its century-plus history.
4. The new deduction for closely held business interests goes further than what is permitted under the federal estate tax, which would primarily benefit the wealthy.

1. Hawai'i's overall tax system is regressive

According to our recent *Who Pays? r*eport[iv], which is the only distributional analysis of its kind for tax systems in all 50 states and Washington, D.C., Hawai'i's tax structure is regressive, meaning that the total state and local taxes take up a greater share of income from low- and middle-income families than from wealthy families. For those in the bottom 20 percent of earners in Hawai'i, state and local taxes comprised 14.1 percent of their household income, while the share for those in the top 1 percent, who are also the primary beneficiaries of the proposed estate tax changes, is 10.1 percent.

In addition, our report on the geographic distribution of extreme wealth across the country found that Hawai'i has a high concentration of extreme wealth when compared to its share of the nationwide population.[v] Often, federal and state tax codes provide few ways to directly tax the wealth of extremely wealthy households. In most cases, the few taxes that do exist provide preferential treatment of income derived from wealth rather than labor. This concentration of extreme wealth runs counter to our national aspiration for genuine equality of opportunity, and it saps the vitality of our democracy through the consolidation of power and influence.

HB 2653 would only exacerbate the regressive nature of Hawai'i's state and local tax system and compound the preferential treatment of income derived from wealth.

2. Conforming Hawai'i to the federal estate tax would be deeply regressive.

Estate taxes are a valuable policy lever to offset some of the more regressive features of a state's overall tax system. However, decades of policy changes have limited the reach of the federal estate tax, and the current provisions – part of the Tax Cuts and Jobs Act signed into law in 2017 by former-President Trump – have weakened the tax more than ever. As a result, conforming to the federal estate tax would worsen Hawai'i's already regressive tax system.

Under current law, Hawai'i exempts the first $5.49 million from the state estate tax, which was the federal estate tax exemption in 2017 it was doubled under the Tax Cuts and Jobs Act (TCJA) and since adjusted to $13.61 million for tax year 2024. In a recent [vi], we found that only 20 estates, or 0.39 percent of all estates in Hawaiʻi, owed the federal estate tax in 2016 prior to changes in the TCJA. In 2019, after the TCJA was enacted and the most recent year for which data are available, so few estates in Hawai'i owed the federal estate tax that the Internal Revenue Service did not disclose the number of estates that paid so it would not inadvertently reveal any private taxpayer information.

In addition, most of the federal estate tax is paid by estates worth more than $20 million. In recent years, more than half of the federal estate tax was paid by estates worth more than $50 million. And even those who are above the exemption amount still pay very little under the tax. While changes to the federal estate tax under the TCJA are scheduled to expire after 2025, even conforming to pre-TCJA levels in subsequent years would still provide a massive tax break for Hawai'i's wealthiest households.

3. The new deduction for closely held businesses goes even further than what is permitted under federal law.

While HB 2653 is being framed as conforming to the federal estate tax, the bill also includes changes that go much further than what's in federal law, more specifically regarding a new deduction for closely held businesses. Under federal law, there are valuation rules that let the estate value closely held businesses at less than its fair market value and rules that let the estate pay estate tax on the value of closely held businesses over time.[vii] However, HB 2653 would allow a wholesale exemption of the value of a business from the estate tax – an exemption that is much larger than what is allowed under federal law. While proponents of the bill estimate that this new exemption would cost $15 million, it's a tax break giveaway that is unnecessary and further benefits wealthy households that already pay a lower effective tax rate than low- and middle-income taxpayers.

HB 2653 is a poor solution to a non-existent problem.

The tax revenue lost under HB 2653 would go to a small fraction of the top 1 percent of earners and further enrich families who have already benefitted more than anyone else from the society and economy that all residents have worked to build and paid for with their tax dollars. Hawai'i is one of the few states that decouples from federal estate tax law, which is a bright spot within the state's overall regressive tax system. Instead of pursuing these estate tax reforms, Hawai'i should examine ways to improve tax fairness for low- and middle-income households who are paying a higher share of their income towards state and local taxes and ask *more* of high-income earners who pay the lowest effective tax rates of all Hawai'i residents.

Once again, thank you for the opportunity to provide testimony on this matter.

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[i] https://sfo2.digitaloceanspaces.com/itep/APPENDIX-C-Who-Pays-7th-Edition.pdf
[ii] Taxes and Racial Equity: An Overview of State and Local Policy Impacts – ITEP
[iii] Hawai'i: Who Pays? 7th Edition – ITEP
[iv] Who Pays? 7th Edition – ITEP
[v] The Geographic Distribution of Extreme Wealth in the U.S. – ITEP
[vi] The Estate Tax is Irrelevant to More Than 99 Percent of Americans – ITEP
[vii] 26 USC 6166: Extension of time for payment of estate tax where estate consists largely of interest in closely held business (house.gov)

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 4:16:46 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
laurel brier	Testifying for Kauai Climate Action Coalition	Oppose	Written Testimony Only

Comments:

Strong opposition to HB2653. Legislature is deferring bills to addresss the climate crisis, preserve our environment and support families crying a lack of funds and yet you are willing to consider estate tax giveaway to THE richest in the state! This is unacceptable

HCAN Speaks!
Hawai'i Children's Action Network
Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

LATE

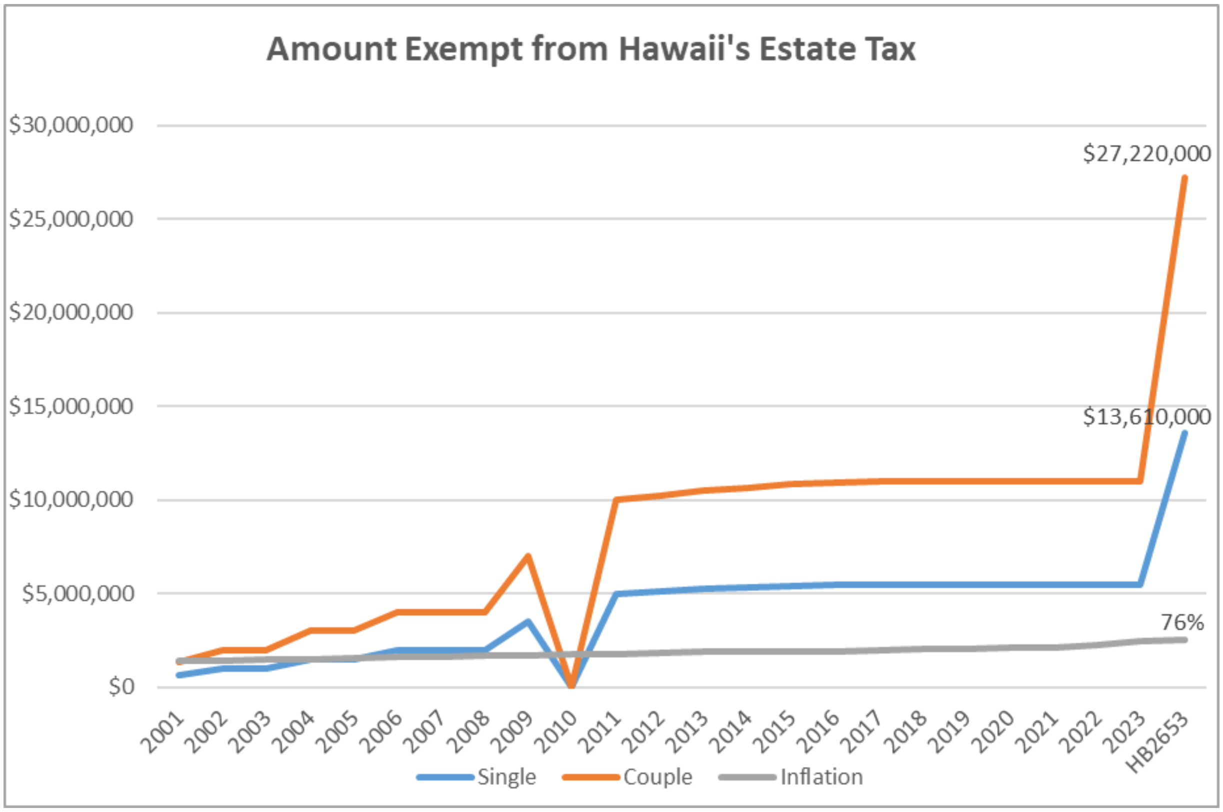
To: Senate Committee on Ways and Means
Re: **HB 2653 HD1 SD1 – Relating to the Estate Tax**
Hawaiʻi State Capitol & Via Videoconference
April 5, 2024, 10:20 AM

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

On behalf of Hawaiʻi Children's Action Network Speaks!, I am writing in **OPPOSITION to HB 2653 HD1 SD1**. This bill conforms Hawaiʻi estate tax laws to the operative provisions of the Internal Revenue Code and establishes an estate tax deduction for the value of closely held business interests.

This bill is a tax break for the wealthiest families in Hawaiʻi. **Especially in a tight state budget season, Hawaiʻi cannot afford to give tax breaks to the top 0.2 percent.**

The estate tax has already been greatly weakened. In 2001, the amount of an estate that could be passed on tax-free was $675,000 for a single person and $1.35 million for a married couple,[1] and now it is almost $5.5 million per single / $11 million per couple.[2] **This bill would let even more millions be passed down tax-free**, up to $13.6 million per single and $27.2 million per couple, with automatic inflation adjustments raising the exemption amount every year.[3] Please see the chart below:



[1] https://en.wikipedia.org/wiki/Estate_tax_in_the_United_States
[2] https://files.hawaii.gov/tax/forms/2023/m6ins.pdf
[3] https://www.irs.gov/businesses/small-businesses-self-employed/estate-tax

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speaks.hawaii-can.org • info@hcanspeaks.org

In 2018, you and your fellow lawmakers wisely decoupled Hawaiʻi's estate tax from the Trump Administration's tax giveaway to the wealthiest among us.[4] This bill would undo that and re-conform our estate tax exemption to the federal levels, **making the amount of our exemption the largest among the states that have an estate tax**.[5]

In addition, **the estate tax is applied only to the amounts *above* the exemption level**. Currently, an estate of a couple that passes down $12 million pays only $100,000 in estate tax, or an effective tax rate of less than one percent (0.83 percent). This bill would make it so that $12 million estate would pay no estate tax. Instead, the estate tax would start at $27.22 million for couples, so an estate of a couple worth $28 million would pay $78,000 in estate tax, or an effective tax rate of less than one-third of one percent (0.28 percent).

Hawaiʻi has an outsized concentration of extreme wealth, relative to the size of our population. While we have 0.4 percent of the nationwide population, we have 0.7 percent of the households with wealth over $30 million, ranking **Hawaiʻi seventh in the nation for extreme wealth**.[6] The estate tax is intended to slow down the concentration of wealth at the top, by taxing multimillion dollar estates when they are passed on to heirs.

When the federal estate tax exemption was where Hawaiʻi's is now, only **the top 2 in 1,000 estates** were taxed. Since the Trump tax cuts for the rich came into effect, which is where this bill would put Hawaiʻi, **less than 1 in 1,000 estates** have been taxed.[7] That's the lowest share of estates subject to the estate tax on record, or more than ten times lower than the historical 1 to 2 percent share.[8]

In addition, **this bill would also entirely exempt family-owned businesses from the estate tax**. This exemption **does not exist at the federal level**, and in my research I've found that no other state with an estate tax exempts family businesses from it.

Currently, small businesses are not subject to the estate tax, due to the existing exemption levels. When the federal estate tax exemption was where Hawaiʻi's is now, **only 80 small farms or businesses in the entire nation** were subject to the estate tax in a year.[9]

Mahalo for the opportunity to provide this testimony. We respectfully request that you defer this bill.

Thank you,
Nicole Woo
Director of Research and Economic Policy

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[4] https://www.capitol.hawaii.gov/sessions/session2018/bills/GM1127_.PDF
[5] https://taxfoundation.org/data/all/state/state-estate-tax-inheritance-tax-2023/
[6] https://itep.org/the-geographic-distribution-of-extreme-wealth-in-the-u-s/
[7] https://www.irs.gov/statistics/soi-tax-stats-historical-table-17
[8] https://www.cnbc.com/2021/09/29/heres-how-many-people-pay-the-estate-tax-.html
[9] https://www.cbpp.org/only-80-small-farms-or-businesses-face-estate-tax

LATE

Committee on Ways and Means
Chair Donovan DelaCruz, Vice Chair Sharon Moriwaki

Friday April 5, 2024 10:20 am Room 211 & Videoconference
HB2653 SD1 — RELATING TO THE ESTATE TAX

TESTIMONY
Beppie Shapiro, Legislative Committee, League of Women Voters of Hawaii

Chair DelaCruz, Vice Chair Moriwaki, and Committee Members:

The League of Women Voters of Hawaii strongly opposes HB2653 SD1, which conforms Hawaii estate tax laws to the operative provisions of the Internal Revenue Code to decrease the burden on taxpayers and increase efficiencies in the Department of Taxation, and establishes an estate tax deduction for the value of closely held business interests that will help ensure that locally-owned family businesses can continue to contribute to the Hawaii economy and assist families to retain the ownership interest in their family businesses.

The League of Women Voters of the United States believes that fiscal policy should provide for adequate and flexible funding of government programs through an equitable tax system that is progressive overall.

HB2653 SD1 is regressive and inequitable, privileging some taxpayers (those who have businesses) more than others, most of whom are not so fortunate.

I call your attention to these testimonies on HB2653 received by the Committee on Finance:

From the Tax Foundation of Hawaii: "This measure proposes to do two things; first, recouple the federal exclusion amount, which has since grown to $13.61 million; and second, allow a deduction from the taxable estate for a qualified family-owned business interest so it doesn't count for purposes of determining the size of the taxable estate. Both of the changes in tandem would allow a person with a very valuable qualified family-owned business interest, Mark Zuckerberg of Facebook for example, to leave all of it plus $13.61 million to his heirs free of any Hawaii estate tax.

Hawaii Childrens Advocacy Network Speaks: "In 2018, you and your fellow lawmakers wisely decoupled Hawai'i's estate tax from the Trump Administration's tax giveaway to the wealthiest among us.5 This bill would re-conform our estate tax to the federal levels, making the amount of our exemption the largest among the states that have an estate tax.

In other words, this bill will cause the state to lose badly-needed revenue from those who are the most able to afford it, at the expense of the great majority of taxpayers. This bill completely exempts from the tax estates worth between $5.5 and $13.6 million (from singles) and between $11 and $27.2 million (from couples), as well as greatly lowers the tax on estates worth more than those amounts. In addition, the estate tax is applied only to the amounts above the exemption. Currently, an estate worth $6 million pays only $50,000 in estate tax.

This bill truly is a tax break for the extremely rich. When the federal estate tax exemption was where Hawai‘i’s is now, only the top 2 in 1,000 estates were taxed. Since the Trump tax cuts … came into effect, which is where this bill would put Hawai‘i, less than 1 in 1,000 estates have been taxed. That’s the lowest share of estates subject to the estate tax on record, or more than ten times lower than the historical 1 to 2 percent share.” (For references, see original testimony).

LWLVHI points out that although the current federal estate tax exclusion expires in 2025, there is no guarantee that a future federal administration will lower that amount. Hawaii faces a number of years of extraordinary high expenses. Taking the chance of lowering any tax revenue for many years does not seem wise.

Finally, the definition of qualified family-owned business interest does not appear to require that the decedent or qualified heir be in the one or two families owning the majority of the voting stock of the corporation. Thus, the deduction could be used by others. We wonder if this is what was intended.”

LWVHI recommends this Committee seriously consider the implications of this argument, which might well embarrass those who have supported it.

Please consider all your constituents and defer this bill.

Thank you for the opportunity to submit testimony.

LATE

FINANCE ENTERPRISES, LTD.

Serving the Finance Factors Family

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee:

My name is Russell Lau and I am Chairman, President and CEO of Finance Enterprises, Ltd, the parent company of Finance Factors, Limited, Finance Insurance Company, Limited, and Waipono Investment Company along with numerous other entities under our family of companies umbrella. We have been in business in Hawaii for nearly 72 years having been founded by six local businessmen, one of which included the first Asian U.S. Senator, Hiram L. Fong, with the purpose of helping local Hawaii people to be able to purchase simple everyday needs of our community. Finance Factors began making small loans to residents for things like washing machines, refrigerators, vacuum cleaners and used cars, that they were unable to obtain from other financial institutions. We innovated from small loans, with the advent of credit cards, to pioneering second mortgages, home equity lines of credit that once again were not available from other institutions. We are still helping Hawaii residents by make their dreams come true of homeownership by being creative in financing their home purchases.

With about 150 employees not including our insurance agents, we provide valuable good paying jobs to help Hawaii's economy grow and keep our people in our state instead of them departing to the mainland.

I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder. A principal shareholder may have started the business, but it really is a family undertaking where all family members contribute to the success of the principal shareholder as the business grows. A single shareholder needs the help and support of their family to make the business grow and thrive. In the early days of

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a business, everyone helps, as the business can't really afford to pay all family members for their help, getting the business off the ground or during times of difficulties.

But it's not just the immediate family that helps. Many relatives help as well to see their relatives survive the difficult times of a family business. Hawaii is a place of multigenerational households that also include cousins and other relatives.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill with the requested amendment.

Sincerely,

Chairman, President and CEO
Finance Enterprises, Ltd.

Loyalty Enterprises, Ltd
45 North King Street, Suite 600
Honolulu, HI 96817
808-543-0511

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

Thank you for this opportunity to submit our testimony in support of this bill.

My name Catherine Luke and I am President of Loyalty Enterprises, Ltd., a Hawaii company that was incorporated in 1958. We are a third generation kamaaina property management and commercial real estate company. We have all local employees and work very closely with many local family businesses.

I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder. Families who own Hawaii businesses are committed to their employees, customers, and the Hawaii community, and reinvest most of their profits in the business to create jobs and improve facilities and services. They do not have ready cash available and paying an estate tax can be financially devasting. Family heirs often have no other option but to sell. Locally owned businesses are the backbone of a healthy economy and generate many jobs and understand local consumers. Locally owned businesses significantly invest time and money to local nonprofits, charities and more.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Sincerely,

Loyalty Enterprises, Ltd.
Catherine Luke
Its President

LATE

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.
RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Clyde Hamai and I am the CEO, retired, of Hamai Appliance Inc., in Kahului, Maui. We are a third generation, family-owned business. We have been in business for 55 years, and currently employ 24 employees.

I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder. When my dad and I began the business in 1969, there were dozens of independent appliance/electronics stores such as ours, on every major island throughout the state. Today there are just a handful who have survived the influx of major chain stores from the mainland. We believe that we provide better personal service for our customers and give back to the community by providing employment opportunities, reinvesting in Hawaii and supporting community fundraisers and activities. We take pride in the excellent personal service we provide our customers. Our technicians are highly skilled as Hamai Appliance technicians are factory trained and certified. Over the years we've had at least four technicians go out on their own and successfully start their own appliance repair businesses. This is an important part of our providing opportunities for workers to become entrepreneurs themselves who pay GET taxes and income taxes for the state of Hawaii.

We are not asking for special favors but are requesting that you help preserve locally owned family businesses by giving us relief from Hawaii's severe estate taxes which could jeopardize the survival of many small family businesses such as ours.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Sincerely,

Clyde Hamai
Hamai Appliance, Inc.

HAWAI'I WORKERS CENTER

Defending and Respecting the workers of Hawai'i

(503) WORKERS
(503) 967- 5377
hawaiiworkerscenter@gmail.com
Mail: 2252 Puna St., Honolulu, HI 96817
hawaiiworkerscenter.org

April 4, 2024

LATE

Hawaii State Senate
Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

RE: STRONG OPPOSITION for HB 2653

Dear Chair Sen. Dela Cruz, Vice-Chair Sen. Moriwaki, and Members of the Committee on Ways and Means:

The Hawaii Workers Center (HWC) envisions a Hawaii in which all workers are empowered to exercise their right to organize for their social, economic and political well-being. It is a resource of information, education, training and organizing for Hawaii's workers

The HWC stands in **strong opposition of HB 2653** which establishes an estate tax deduction for the value of closely held business interests that will help ensure that locally-owned family businesses can continue to contribute to the Hawaii economy and assist families to retain the ownership interest in their family businesses.

According to Hawaii's Department of Taxation, this bill, if passed, is estimated to cost the state approximately $43.3 million in lost revenue per year. Revenue that could very much be used for other pressing needs for the majority of Hawaii's residents and not to simply provide a tax break for the richest .2% in state.

Simply put, this bill is a tax break for the rich. The richest .2% are not fleeing Hawaii because they can't afford to live here. It is our working class residents who are being "priced out of paradise" because of policies such as these that put the interests of the super rich over those of the majority. Trickle down economics has caused a tsunami of income inequality as the divide between working class communities and the super rich continues to widen. In a legislative session where the message was "money is tight this year," we should not pass a bill that aims to lose millions each year in revenue.

We ask that you please vote no on HB 2653.

Sincerely,

Sergio Alcubilla
Executive Director

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 8:49:43 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
MONICA TOGUCHI RYAN	Testifying for HIghway Inn	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa and members of the committee:

For 76 years, Highway Inn has been more than just a restaurant: it’s become a living legacy dedicated to serving Hawaiian food and preserving our collective and cultural food heritage. Founded by my grandparents in 1947 in Waipahu, in the shadow of the towering double smokestacks of Oʻahu Sugar Mill, our restaurant’s humble beginnings are deeply rooted in Waipahu’s rich plantation history. From my earliest memories as a child, I fondly remember our days on Depot Road, just across from Arakawa’s. Hungry customers would line up outside for a seat in my grandparents’ small, modest restaurant where sharing a table with strangers was normal. The sight of pipikaula drying in our tiny kitchen is now a cherished and beloved memory of the “good ol’ days” when life was hard, but far simpler.

At the time, with seven children of their own, my grandparents managed the business, employing just a single dishwasher, while my father and his siblings looked after each other. Today, our family-owned business has become a cornerstone of Hawaiʻi’s cultural and social landscape. With 110 dedicated staff, we have welcomed generations of guests and the communities we serve have become a vital part of our ʻohana.

The purpose of my testimony is to seek your support for SB 3289 SD1 and ask you to consider HB2653 SD1, as it is a bill that is more narrowly focused; it is a bill that holds the promise of preserving the vibrancy and resilience of many beloved family businesses across Hawaiʻi, including Highway Inn. The challenge we face lies in the Hawaiʻi estate tax, a burden that threatens to unravel the dreams and hard work of generations.

Today, only 12 states impose an estate tax. Hawaiʻi remains among them, placing an undue strain on family-owned businesses. This tax not only imposes a financial hardship but also unfairly handicaps family businesses and places us at an unfair disadvantage compared to publicly traded companies who establish themselves in our neighborhoods and communities. While shareholders in public companies can sell their shares on the stock exchange to provide funds to pay taxes, families like ours must find ways to gather substantial amounts, often at the cost of the business's future.

Our plea is not just about the financial implications, but the preservation of a legacy that has thrived against the odds. It is a fact that fewer than one in ten family businesses survive past the third generation. Highway Inn and many other locally owned family businesses stand as a testament to what dedication, love, and community support can build. However, the Hawaiʻi estate tax casts a long shadow over our ability to pass this legacy to future generations, risking not only a family's heritage but also the jobs and livelihoods of those who have grown with us.

Consider the disproportionality: the estate tax generated $42 million, a mere fraction compared to the $10.5 billion from the General Excise Tax. Yet, the impact it has on family businesses like ours is profound. Family businesses are the backbone of Hawaiʻi's economy, providing jobs, fostering community spirit, and preserving the unique cultural identity that makes Hawaiʻi so special.

HB2653 SD1 offers a beacon of hope, a chance to right this imbalance and ensure that family businesses can continue to thrive and serve their communities. By seeking relief from the Hawaiʻi estate tax, this legislation recognizes the vital role that local family businesses play in our economy and our lives.

Like many other close-knit family businesses in Hawaiʻi, Highway Inn is more than a restaurant; it is a symbol of the perseverance, dedication, and spirit of Hawaiʻi. It embodies the essence of what it means to be a part of this community, and with your support for SB 3289 SD1, we can ensure that this legacy, and those of other cherished family businesses, can endure for generations to come.

I urge you to consider the importance of family-owned businesses to Hawaiʻi's cultural and economic landscape and support SB 3289 SD1 and HB2653 SD1. Together, we can safeguard our heritage, support our communities, and ensure the prosperity of family businesses for generations to come.

Thank you for your time and consideration.

Sincerely,

Monica K. Toguchi Ryan

President & Third-Generation Owner, Highway Inn

LATE

FINANCE ENTERPRISES, LTD.

Serving the Finance Factors Family

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee:

My name is Russell Lau and I am Chairman, President and CEO of Finance Enterprises, Ltd, the parent company of Finance Factors, Limited, Finance Insurance Company, Limited, and Waipono Investment Company along with numerous other entities under our family of companies umbrella. We have been in business in Hawaii for nearly 72 years having been founded by six local businessmen, one of which included the first Asian U.S. Senator, Hiram L. Fong, with the purpose of helping local Hawaii people to be able to purchase simple everyday needs of our community. Finance Factors began making small loans to residents for things like washing machines, refrigerators, vacuum cleaners and used cars, that they were unable to obtain from other financial institutions. We innovated from small loans, with the advent of credit cards, to pioneering second mortgages, home equity lines of credit that once again were not available from other institutions. We are still helping Hawaii residents by make their dreams come true of homeownership by being creative in financing their home purchases.

With about 150 employees not including our insurance agents, we provide valuable good paying jobs to help Hawaii's economy grow and keep our people in our state instead of them departing to the mainland.

I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder. A principal shareholder may have started the business, but it really is a family undertaking where all family members contribute to the success of the principal shareholder as the business grows. A single shareholder needs the help and support of their family to make the business grow and thrive. In the early days of

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a business, everyone helps, as the business can't really afford to pay all family members for their help, getting the business off the ground or during times of difficulties.

But it's not just the immediate family that helps. Many relatives help as well to see their relatives survive the difficult times of a family business. Hawaii is a place of multigenerational households that also include cousins and other relatives.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill with the requested amendment.

Sincerely,

Chairman, President and CEO
Finance Enterprises, Ltd.

HB-2653-SD-1
Submitted on: 4/4/2024 9:57:29 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Nate Hix	Individual	Oppose	Written Testimony Only

Comments:

There are many unmet needs in Hawaiʻi. We cannot fail to provide essential services to our local residents and also increase tax breaks for the wealthy. Please vote no on this bill.

HB-2653-SD-1
Submitted on: 4/4/2024 10:14:34 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Keoni Shizuma	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

I oppose this bill. Estates do not need additional tax breaks. While those who are concerned of this are often good local businesses, they've made their monies and have been prospering to this point in the current system. They can thus afford to continue on as they are. They do not need an additional tax break.

The State is not in a financial position to provide tax breaks to those who can afford to pay their fair share of taxes. Estates should be paying more taxes, not less.

Mahalo for your time.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 10:29:06 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Saedene Ota	Individual	Support	Written Testimony Only

Comments:

Senator Donovan Dela Cruz, Chair

Senator Sharon Moriwaki, Vice Chair

Committee on Ways and Means

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee:

My name is Saedene Ota, and I am the founder and designer of Sae Design Group. I have been extremely fortunate to remain in business for over 25 years on Maui and have grown to work on Oahu. I run a small boutique firm with ten employees that helps other small businesses and more prominent industries in finance, investing, and hospitality.

I am writing in strong support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses upon the death of a principal shareholder. Giving us relief from the Hawaii estate tax will help ensure the continuation of our business upon the death of a principal shareholder. Only 12 states have an estate tax, and one is phasing it out.

Thank you for the opportunity to submit your support testimony. I ask for your favorable consideration in passing this bill.

Sincerely,

KIM COCO IWAMOTO

Senator Donovan M. Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
10:20 AM in Conference Room 211

RE: **HD2653** HD1 SD1 Estate Tax Breaks for Wealthy Heirs - **OPPOSE**

Dear Chair Dela Cruz, Vice Chair Moriwaki and Committee Members,

As someone who comes from a family that would benefit from the passage of HB2653, I submit my "whistleblower" testimony in strong opposition to a bill that would provide huge tax cuts to Hawaii's wealthiest heirs simply because their ancestors were successful in accumulating and hoarding substantial wealth.

The National Democratic Party Platform states: "We will make sure the wealthy pay their fair share in taxes[;] estate taxes should also be raised back to the historical norm."

The historic norm for Hawaii, going back to 2001, was a tax-exempt amount only for the first $675,000 of an estate for a single person and $1.35 million for a married couple. Over the past 23 years, Democratic lawmakers have lowered estate taxes to exempt the first $5.5 million per single / $11 million per couple — that is more than 8 times more tax cuts for the rich than it was in 2001.

So while some multi-generational family-owned businesses think of themselves as the "safety net" for the community; infact, **the community has provided the foundation upon which these heirs have accumulated their wealth over generations.**

All these family-owned companies who support this bill **relied on workers educated by the State of Hawaii with public funds; these business owners profited off their educated labor and accumulated wealth. State taxpayers also built the roads and other infrastructure needed to transport the goods that these family businesses sold, profited from and from which wealth was accumulated.**

Just a reminder: **income tax is paid by workers** on the wages **THEY earned**, **general excise tax is paid by customers** from the wages **THEY earned**. While a portion of state revenues are paid by taxes on corporate profits, there are already too many loopholes to minimize those taxes.

There is no denying that Hawaii has a regressive tax system: our lowest income households pay a larger percent of their income and savings in taxes than the wealthiest households pay - even with the current estate tax. HB2653 would make our tax scheme even more regressive, at a time when half the households in Hawaii are living paycheck-to-paycheck. Many of the supporters of this bill already know this because they helped to fund the ALICE studies with their tax-deductible donations.

“Let them eat cake!” Giving Hawaii’s wealthiest heirs bigger tax cuts and wider tax loopholes is incredibly tone deaf especially when the legislature is threatening to cut the public education budget, or refuses to fund anti-corruption measures like the “Clean Elections” bill, because of lower tax revenue projections. With Democrats like this, who needs Republicans?

Hearing proponents of this bill use trickle-down economic theory (aka “Reaganomics”) to justify reducing their taxes is embarrassing. They tout “investing in their employees” and “donating to foundations” with their tax savings – but had their families done more of that, increasing their expenses and lowering there inflated profit margins, there would be much less taxes to be paid under the current estate tax laws and no need for HB2653.

Let’s be clear, **every successful business owner invests in life insurance policies with payouts calculated to cover the precise amounts of taxes that attach to their estates – so their passing does not impact the operation of their family businesses**. This bill will not “save” these wealthy families from bankruptcy; it would just put more spending money into their designer handbags.

Most family companies struggle in the transition between the 2nd and 3rd generations regardless of the tax structure of the state they are incorporated in. Some companies get around this by selling the family company to its employees in an Employee Stock Option Purchase (ESOP). Some families feel such loyalty to their workers that they even help the employees with financing the ESOP.

Tax incentives provided to business owners when they sell their family companies to their employees (ESOP) are appropriate because it furthers good public policy: it is a distribution of wealth from very few individuals to potentially thousands of workers. Employees of an ESOP company can retire with hundreds of thousands of dollars in payout from earned stock and increased valuation of the company they helped grow.

Federal tax rates on the wealthiest families continue to decline; in 2023, the IRS raised the estate-tax exclusion to $13M. So the wealthy supporter of this bill are already paying less in taxes. Meanwhile, the feds continue to short change Hawaii with its DOE and COFA “impact aid” reimbursements. Hawaii lawmakers should capture the federal tax giveaways directly from those who took advantaged of the federal tax windfalls; so technically, the wealthiest families would not be paying more in taxes, just remitting those taxes directly to Hawaii.

HB-2653-SD-1
Submitted on: 4/4/2024 12:30:51 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
James H.Q. Lee	Individual	Support	Written Testimony Only

Comments:

RE: HB 2653 HB1 Relating to Taxation – In Support

Aloha Chair Dela Cruz and members of the committee:

My name is James H.Q. Lee and I am an attorney and small business owner. I am the CEO of the KB Lee Corporation, parent company of the Hee Hing Corporation. As a practicing attorney, estate planning makes up 75% of my practice.

Hawaii estate tax legislation needs to be overhauled. It punishes small businesses and prevents small businesses from reinvesting into their businesses and leads to the closure of small businesses. The present Hawaii estate tax exemption amount of $5.49M is low and will subject many kamaaina families who have seen the value of their real estate holdings on which their businesses operate, escalate in value based on paper gains and not realized cash profits. Small business owners are being taxed on paper gains.

The Legislature should 1) exempt the value of closely held business interests from the Hawaii estate tax and 2) conform the Hawaii estate tax exemption amount with the exemption amount under the Internal Revenue Code. Currently, under the Internal Revenue Code, an estate of $13.61M per individual is exempt from Federal estate taxes. Under Hawaii Revised Statutes section 236E-8, an estate of $5.49M per individual is exempt from the Hawaii estate tax. Prior to 2017, the Hawaii estate tax exemption amount has always conformed with the Federal estate tax exemption. While the Federal estate tax exempt amount has increased annually from 2017 to 2024, the Hawaii state tax exemption remained at $5.49M.

As an attorney concentrating in estate planning, a number of my clients are old kamaaina family businesses. As I create their estate plan and inform them of what their families will have to pay for Hawaii estate taxes, they shudder and get depressed wondering how their businesses can survive after they are gone. For the forty to fifty years in which they have been in business, they have worked hard and have been frugal in their spending. In the last three years, they have seen the fair market value of their business property holdings increase on paper. The increases has put them over the Hawaii estate tax exemption.

The current Hawaii estate tax structure has forced some of my business clients to close their operations after the principal owner of the business passed away. Their families were faced with the burden of paying for the Hawaii estate tax. As you know, many Hawaii businesses operate on thin margins to stay in business. They did not see any future in maintaining their business operations in light of the fact that they had to assume an additional burden of paying off a loan which they had to incur to pay off the Hawaii estate tax. They decided that it was better to close their businesses rather than borrow to payoff the tax and take on the burden of an additional loan.

In Hawaii, many of the estates of long time Kamaaina families with small businesses easily exceed $8M. A family which owns a house in Kaimuki and a business generating $1M to $2M a year on family owned real estate, easily has total assets which fair market value exceeds $8M. To pay for the Hawaii estate tax, they will have to forgo making needed improvements to their businesses or making investments into their businesses which are needed to remain competitive.

It is especially true of the restaurant business. A restaurant, in order to remain competitive and to operate efficiently, needs to remodel at least every five years and get new equipment every seven years. For a one hundred seat restaurant, the renovation and new equipment costs can easily exceed $500,000. This is the amount which needs to be reinvested into the business every five to seven years.

In addition to the operating business, with the family residence, the restaurant owner’s estate can easily exceed $8M given today’s prices. Given the Hawaii estate tax marginal rate of 10% to 20%, the estate tax payable would be at least $500,000. Upon the restaurant owner’s passing, the owner’s family would be faced with the difficult decision of whether to continue on without reinvesting in the business with remodeling or new equipment or use the funds to pay the Hawaii estate tax or just close the restaurant and liquidate the assets in order to pay the tax.

Most of my clients who are or will be affected negatively by the Hawaii estate tax started their businesses in the 1960’s and 1970’s. They are now in their eighties and nineties and the time is approaching where the next generation are making the decision as to whether or not to take over the business. The fact that they have to shoulder the burden of paying the estate tax is a major reason for them not to continue the family business.

In light of the fact that only 12 states in the United States have an estate tax, given the fact that many of the closely held businesses are closing or leaving the state, it would be prudent for the Hawaii legislature to eliminate the Hawaii estate tax. The one way to legitimately escape the Hawaii estate tax is for the business owner to leave Hawaii and become a resident of a state which does not have an estate tax. Such states include California, Nevada and Texas. It is certainly unfair and undesirable for lifelong Hawaii kamaaina residents who are now in their late eighties and early nineties to have to leave Hawaii just to escape the negative consequences of the Hawaii estate tax.

I hope that your committee give serious consideration to eliminating the Hawaii estate tax. It brings a very small amount of tax revenue to our state and does more to hurt the kamaaina residents than to help the state with tax revenue.

If the Legislature chooses not to eliminate the Hawaii estate tax, then the Legislature should conform the Hawaii estate tax exemption amount with the Federal estate tax exemption amount and set the threshold at $13.61M or higher. This is the least that can be done to protect our hardworking small business owners.

Thank you for the opportunity to submit testimony in support of HB 2653. I ask for your consideration in passing this bill.

James H.Q. Lee

KURT R. BOSSHARD
ATTORNEY AT LAW
3144 ELUA STREET
LIHUE, HAWAII 96766
TELEPHONE: 808-245-5302
FAX: 808-245-8929
EMAIL: kurt@kbosshard.com

LATE

April 4, 2024

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: **HB 2653 HD1 SD1 Relating to the Estate Tax - In Support**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committee:

I write from Kauai in favor of the passage of HB2653 HD1 SD1. I have practiced law and engaged in business here on Kauai for the past 43 years. The issue is personal to my family, my employees, the renters in our family's 11 affordable rental units, those I farm with, Contractors I work with... Presently, "the rich" residents of Kauai and/or those seeking to establish residence here have to take into account that being a resident in Hawaii at the time of their death is a big financial mistake. It's all over the media how "blue" states are bleeding population and economic base as wealthy individuals and those in business subject to excessive regulation and crime flee the States they have loved and have created their businesses. Many people feel forced out. They wanted to stay. Then, there are those well to do people who don't relocate to Kauai and bring their productive business activities here.

Those who have invested in real estate have a concern as to a fire sale at the time of their death to pay the taxes on heavily appreciated assets. Kama'aina Owners' investments may be moved off island or liquidated prior to death and long cultivated local relationships abandoned. Local investors are already stressed by massive real property tax increases associated with such inflation and who knows how much more inflation is to come. Enough to "fall victim" to the estate tax? The successful Hawaii businessman may choose to engage in an unproductive gifting of assets to their children which creates a scenario where the business model that has created success winds down. Issues like a child's divorce, illness, disinterest, etc. can then lead to disaster. All of this speculation fuels estate planning attorneys/accountants who create often confusing, outdated and/or unsuccessful strategies to escape these taxes. Perhaps unnecessarily. So existing tax law takes much money out of Hawaii's economy as "the rich" maneuver funds that could be better utilized for their businesses. Those are today's dollars.

There is a psychological aspect to this. Yes, Hawaii has the greatest people and the greatest weather... but when people are constantly discussing all forms of over-regulation and burdensome taxes the successful local population and those who may wish to live or do business here start to think of living elsewhere. And that's not just "the rich". When federal revenues and assistance start to shrink, the day may come when good weather is not enough to float our economy. Particularly, if the loving, less affluent people of Hawaii have already moved to Nevada, Tennessee, Texas, Florida...

That's my two cents and I would appreciate your consideration of these factors.

Sincerely,

KURT BOSSHARD

KB:rsnh

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 1:58:43 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Christopher Boscole	Individual	Oppose	Written Testimony Only

Comments:

This bill is a thinly-veiled tax giveaway for millionaires and multi-million dollar corporations being touted as "good for small businesses." Shibai. L&L is not a small business. Servco is not a small business. The idea that they would "have to leave Hawaii" if this bill doesn't pass is ludicrous.

The fact that this bill—which would cost the state millions of dollars a year—continues to advance while lawmakers have killed bills to fund things working people need, like Paid Family Leave, the Keiki Credit, and Universal Free School Meals under the excuse of "not enough money" is extremely insulting. This tax giveaway for the rich will cost more than those programs would, and will do NOTHING for the working people of Hawaiʻi. Please do the right thing and kill this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 2:06:45 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Barbara Barry	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Mahalo,

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 2:07:38 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 2:13:22 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Timothy Vandeveer	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 2:33:35 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Nanea Lo	Individual	Oppose	Written Testimony Only

Comments:

Hello,

I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

me ke aloha ʻāina,

Nanea Lo, Mōʻiliʻili, Oʻahu - 96826

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 2:38:22 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Thomas Brandt	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy.

Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents, as evidenced by the fact it is widely known that the Aloha United Way's "ALICE" research shows nearly half of all families in Hawaii are Asset-Limited, Income-Constrained, and Employed!

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Mahalo for your consideration.

Thomas Brandt

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 2:49:44 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Kealakai Hammond	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Sincerely,

Kealakai Hammond, LMHC, PMH-C

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 2:52:27 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Carmela Resuma	Individual	Oppose	Written Testimony Only

Comments:

Dear Members of the Committee,

I write in strong opposition of this bill. Trickle down economics does not work, and this has been proven by research time and again. There would be no "reinvestment into the community" - only the exacerbation of the divide between those with wealth and those without. So many of our public programs remain underfunded, and this bill would give a tax break to the wealthiest among us. It would be a sincere injustice for this to move forward.

Thank you for your consideration and service,

Carmela Resuma, Honolulu, HI

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 2:55:28 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Doris Matsunaga	Testifying for Save Medicaid Hawaii	Oppose	Written Testimony Only

Comments:

On behalf of Save Medicaid Hawaii, I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 2:58:18 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Doris Segal Matsunaga	Individual	Oppose	Written Testimony Only

Comments:

As residents of Hawai'i Island, we are testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Doris and Peter Matsunaga, Waimea, Hawaii

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 2:59:43 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Dyson Chee	Individual	Oppose	Written Testimony Only

Comments:

Mahalo for the opportunity to testify in strong opposition to HB2653!

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:01:08 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Rev. Samuel L Domingo	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

To: Hawaii State Senate Committee on Ways and Means

Hearing Date/Time: April 5, 2024, 10:20am

Place: Hawaii State Capitol, CR 211 & Videoconference

Re: Judith Ann Armstrong strongly oppose HB2653 HD1 SD1 Relating to Estate Tax

Dear Chair Senator Donovan M. Dela Cruz, Vice Chair Senator Sharon Y. Moriwaki and members of the Committee on Ways and Means,

I, Judith Ann Armstrong, am testifying in strong opposition to HB2653 HD1 SD1, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from estate tax. But again, the estate tax only impacts multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families, or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Thank you for this opportunity to testify in opposition to HB2653 HD1 SD1.

Sincerely,

Judith Ann Armstrong

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:18:29 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Nicholas Chagnon	Individual	Oppose	Written Testimony Only

Comments:

The rich do not need any more tax breaks. Help working people first!

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:20:51 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Paul Bernstein	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles/$27 million couples. Passing such a bill would be complete hypocrisy given how the legislature has repeatedly said that we need to tighten our belts and cannot afford various social programs. Passage of this bill would only make the situation worse.

If the legislature wants to give a tax break, it should look to allocate funds to lower income households that struggle to make ends meet. But this bill gives a tax break only to the wealthiest households.

Please vote against this bill and do not let it move forward.

Respectfully,

Paul Bernstein

Aina Haina

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:29:26 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Christy MacPherson	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the Senate Committee on Ways and Means,

I STRONGLY OPPOSE HB2653 HD1 SD1. Not only does this bill promote privilege and generational wealth, but it also allows for our wealthy to avoid having to pay their fair share of taxes.

HB2653 HD1 SD1 is not what Hawai‘i needs right now. What we do need are income streams to pay for necessary things like housing that is affordable and food for our low-income residents.

Mahalo for your consideration.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:34:41 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Danelle Guion	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:35:43 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Shay Chan Hodges	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:37:00 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Patricia Blair	Individual	Oppose	Written Testimony Only

Comments:

I oppose this poor bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:42:50 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Linda Pizzitola	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax. Such a blatant giveaway to the most wealthy citizens of Hawaii is obscene, given the obvious need for government funding for humanitarian programs for the many families and individuals struggling to put food on the table or pay rent or even find housing. Shame on you!

The bill would also entirely exempt family-owned businesses from the estate tax, and since the estate tax only impacts multi-millionaires, we are talking about another giveaway to powerful and influential local corporations at the expense of the populace. Gutting the estate tax is an act of greed on the part of the super wealthy along with blatant disregard for the well-being of the population as a whole . Time to read up on the French Revolution.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. **The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it means that wealth will only accumulate further into the hands of the super wealthy to the rest of us. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.**

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Submit testimony (after logging in)

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:43:20 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Hideki Kimukai	Individual	Oppose	Written Testimony Only

Comments:

Dear elected members,

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Mahalo nui for protecting our local communities.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:43:58 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Irena Bliss	Individual	Oppose	Written Testimony Only

Comments:

Aloha kākou,

I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impacts multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie— but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this.

I urge you to defer this bill. Please do what is pono and reject this bill.

Mahalo nui loa,
Irena Bliss
Haʻikū, Maui 96708

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:45:35 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Dandré Richards	Individual	Oppose	Written Testimony Only

Comments:

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:48:32 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Nathan Abril	Individual	Oppose	Written Testimony Only

Comments:

I am beyond outraged! Working-class families have had many important bills shut down by the Legislature! These bills range from Paid Family Leave, Child Tax Credits, and free meals for public school students. Often the reason given is a lack of funds in this tight budget year—afterall, Lahaina does require (and deserve) a large portion of our budget. So why, then, have lawmakers been quietly advancing a proposal to gut the Hawaii estate tax—a move that would provide a huge tax break to literally the absolute richest 0.2% of families in Hawaii?

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie— but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:54:22 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Jessica Redford	Individual	Oppose	Written Testimony Only

Comments:

The rich should pay their fair share!

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:55:26 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Rexann Dubiel	Individual	Oppose	Written Testimony Only

Comments:

Wrong.

Every citizen in Hawaii needs to pay his or her fair share.

No breaks because you are rich and can toss a few bills to those legislators who you can influence.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 3:57:15 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Stephanie Austin	Individual	Oppose	Written Testimony Only

Comments:

Please oppose this bill by which the wealthy avoid paying their fair share of taxes!

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 4:20:01 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Rudy Spencer	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is except from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles/ $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their famililes or the average small business. The estate tax helps prevents oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie - but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 4:22:01 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Lisa Seikai Darcy	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

My name is Lisa Darcy and I am Kula, Maui, HI resident. I am testifying in ***strong opposition to HB2653***, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples. This is shocking.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a blatently dangerous bill that further alienates struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill and utlimately kill da bill.

Mahalo,

Lisa Darcy

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 4:27:02 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Janice Palma-Glennie	Individual	Oppose	Written Testimony Only

Comments:

aloha,

it's time to tax the wealthiest of hawaii residents, not give them an even freer ride with tax breaks. while our communities need all of the support they can get, financially and with sweat and tears, the richest of the rich getting away without paying their fair share or providing on-the-ground support for our commiunities .

please say "no" to this bill that allows taxing the rest of us while the 1% fly off in their private jets.

mahalo and sincrerely,

janice palma-glennie

kailua-kona

ABC STORES
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Honolulu, Hawaii 96813-5391
www.abcstores.com
Telephone: (808) 591-2550
Fax: (808) 591-2039
E-mail: mail@abcstores.com

LATE

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax-In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Paul Kosasa, President and CEO of ABC Stores.

I am in support of HB 2653 HD1 SD1, as this bill helps preserve local family-owned businesses beyond the death of a principal shareholder.

Our Company is family owned started by my grandparents. We are one of the few locally based, locally owned companies in Hawaii doing business for nearly 100 years. Being in business this long has allowed us to give back to the local community through our Kosasa Foundation and our Jumpstart Scholarships to local youth.

However, estate taxes that target the transfer of ownership to our lineal descendants can undermine the millions of dollars of benefits that our Company gives back. Local family owned businesses are slowly disappearing. Please be a part of the solution to keep family businesses sustainable.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Sincerely,

Paul Kosasa

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 4:39:46 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Anne Leake	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 4:42:07 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Lisa Hennessy	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impacts multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us while doing nothing for struggling workers, their families, or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super-wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit, or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Best, Lisa Hennessy

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 4:43:52 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Liat Portner	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

TORI RICHARD

LATE

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 5, 2024
Conference room 211; 10:20 a.m.

RE: HB 2653 HD1 SD1 Relating to the Estate Tax – In Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee:

My name is Josh Feldman and I am the President and CEO of Tori Richard, Ltd. Our family business was founded in Hawaii nearly 70 years ago and today we employ approximately 200 people throughout the state.

I am writing in strong support of HB 2653 HD1 SD1, as it more narrowly focuses to help preserve locally owned family businesses. Giving relief from the Hawaii estate tax will help ensure continuation of our business upon the death of a principal shareholder. Hawaii is currently one of just 12 states with a state level estate tax and it is my understanding this will become just 11 states.

As a locally owned and operated business, Tori Richard, Ltd. is committed to our employees, local customers, and the Hawaii community. We reinvest most of our profits in our business to create jobs and improve our facilities and products. Most family businesses do not have cash on hand to pay estate taxes and heirs often have no choice but to sell or liquidate the business to pay those taxes.

Thank you for the opportunity to submit testimony in support. I ask for your favorable consideration in passing this bill.

Sincerely,

Josh Feldman
President & CEO

1891 NORTH KING STREET
HONOLULU, HAWAIʻI 96819

TORIRICHARD.COM • MAIL@TORIRICHARD.COM • TEL: +1 808 847 7041

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 5:00:12 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Deb Nehmad	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653,** which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would **cost the state tens of millions of dollars per year** at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 5:17:22 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Noel Shaw	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 5:18:59 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Gwen Rodrigues	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

strongly oppose this bill
Gwen Rodrigues
Hilo, Hawaii

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 5:19:44 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Scott Gifford	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this measure. Do not think that you can so brazenly deceive the public.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 5:20:07 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Ted Bohlen	Individual	Oppose	Written Testimony Only

Comments:

The very wealthy don't need another tax cut. Estate taxes should be increased, not be cut, in order to help the State with our current fiscal difficulties.

Please hold this bill!

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 5:22:38 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Darlene	Testifying for Indivisible Hawaii Healthcare Team	Oppose	Written Testimony Only

Comments:

How dare this bill be attempted on a last-minute force through, knowing that it further divides the wealthiest from the poorest, especially in this time of extreme in places like Maui -- when Puna still hasn't recovered fully from the eruption 6 years ago. The nerve!

Please note, the opposition is by the organization. The comments are personal!

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 5:26:50 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Teresa Landreau	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 5:31:34 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
John Fitzpatrick	Individual	Oppose	Written Testimony Only

Comments:

Aloha Kakou,

My name is John Fitzpatrick and I am a teacher at Kūlanihāko‘i High School writing in strong oppostion to HB 2653 which would more than double the exemption of the state estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

Why are we giving tax breaks to the wealthy when we can't invest in our keiki and their teachers? There remains a critical teacher shortage and our last contract provided a 2% pay raise to our pay shedule this year and an 8.5% pay raise over the entire duration of our four year contract. We also didn't get 3/5 years of annual step increases because there was not sufficient funds.

This infuriates me that my students go to classrooms without highly qualified teachers because we can't recruit, train, and retain them past five years while you guys are trying to give a expletive tax break to millionaires and billionaires.

This infuriates me becaouuse you are acting like republicans on the mainland that say there is no money to give all our students free breakfast and lunch that gives them nourishment to study and work hard but you give thes millionaires and billionaires tax breaks.

How can we not afford to invest in the people of Hawaii but we can afford to give large estate tax giveaways to the wealthy.

Vote no on HB 2653! We can't afford to give a tax givaway to millionaires and billionaires while we fail to invest in our people!

Mahalo,
Fitz

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 5:38:01 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Richard	Individual	Oppose	Written Testimony Only

Comments:

Honorable Legislators,

Stop this nonsense immediately. This is wrong and you know it.

Now is the time to stop kowtowing to the rich and powerful and begin serving the people.

Please have a conscience.

Mahalo,

Richard Bodien

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 5:46:42 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Lorna Holmes	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong and outraged opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples. We should be LOWERING the amount exempt from estate tax--not raising it!

The bill would also entirely exempt family-owned businesses from the estate tax. But the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. Average people can't afford to live in Hawaii as it is. This will just make everything worse. I will campaign house to house against anyone who votes for this bill, I promise you. Please do the right thing for the people and kill this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 5:57:37 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Lauren Ballesteros-Watanabe	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair and members of the WAM Committee,

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Mahalo for the opportunity to testify.

Sincerely,

Lauren Ballesteros-Watanabe

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 6:14:00 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Elizabeth Hansen	Individual	Oppose	Written Testimony Only

Comments:

Aloha / I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Mahalo, Elizabeth Hansen
Hakalau HI 96710

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 6:30:45 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Rodger Hansen	Individual	Oppose	Written Testimony Only

Comments:

Aloha: I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Mahalo, Rodger Hansen, Hakalau HI 96710

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 6:35:15 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Fabienne Melchior	Individual	Oppose	Written Testimony Only

Comments:

I would like to understand WHY, in the current state we are in - dire homelessnes, unconscionably high rents, and very high food and dayly living expences - this Bill is even consideIred, let alone logical. Shouldn't it be the complete opposite? The only word I have for this bill to be considered is: UNSCONCIONABLE! Some of you must be receiving some serious money incentives to even look at that Bill as being a good idea. SAY NO! I can't even believe this Bill was proposed. SHAME!

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 7:02:13 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
brandi corpuz	Individual	Oppose	Written Testimony Only

Comments:

Aloha, my name is Brandi Corpuz and I'm from Kula Kai Maui. I am in extreme opposition of HB2653 for several reasons. 1st and foremost, as we have lost so many homes, incomes and lives with the Lahaina fires we are all feeling the economic loss.

Most of the richest people who own property here don't even live in Hawaii. They have the means to withstand this economic crisis but our local community members do not.

I do not know one person personally that could benefit from these tax exemptions! Do you know and have a personal relationship with anyone who will qualify? If you want to give out exemptions and tax breaks give it to the people who voted you into office. Our community is suffering while you contemplate giving the richest people a hands up!

All of us are watching this one and we will rally to get anyone out of office if they don't care about our people. Please vote no on this bill to show us all that you care more about the people of these islands then you do about supporting the few that will benefit from this exemption.

We have seen and experienced too much suffering, we are drowning in taxes and price hikes! We need exemptions and tax breaks for our local families to survive. Help us! Gives us a hands up and watch our community thrive!

sincerely, Brandi Corpuz

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 7:04:45 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Rita Miyamoto	Individual	Oppose	Written Testimony Only

Comments:

The wealthiest don't need tax breaks. They can afford it.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 7:10:34 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Daniel Bishop	Individual	Oppose	Written Testimony Only

Comments:

My name is Daniel Bishop.

I reside in Kaalaea, Oahu.

I am in Strong opposition.

Mahalo

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 8:04:47 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
B.A. McClintock	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 8:08:23 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Lana Bilbo	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 8:45:50 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Amy Parsons	Individual	Oppose	Written Testimony Only

Comments:

This is a very concerning bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie-but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Mahalo,

Amy Parsons

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 9:00:44 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Sherry Pollack	Individual	Oppose	Written Testimony Only

Comments:

No money for critical programs such as feeding children but yet a bill like this gets advanced? It must be a mistake. I urge the committee to HOLD this measure.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 9:10:04 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Erin Hagan	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt multi-million dollar family-owned businesses from the estate tax. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. These changes to the estate tax would result in wealth further accumulating in the hands of the super wealthy.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 9:49:30 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Marlies Lee	Individual	Oppose	Written Testimony Only

Comments:

Be fair

I oppose this

HB-2653-SD-1
Submitted on: 4/4/2024 9:53:02 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Amber Coontz	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Mahalo,

Amber Coontz, full-time Hawaii resident

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 11:13:23 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Lela Kalama	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

mahalo

Lela Kalama, Keaau, HI

LATE

HB-2653-SD-1
Submitted on: 4/4/2024 11:48:27 PM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Forrest Leonard	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

At a time when various local families are struggling to afford living in Hawaii, this bill aims to allow the wealthy even more tax breaks that they do not need. The inheritance tax is an effective tax practice that keeps money productively contributing to our economy, rather than languishing in the coffers of the ultra rich. Hawaii already bends over backwards for the ultra rich, and its time that the ultra rich pay their fair share of taxes in this system. Please appose HB2653 to maintain a fair tax system for the state of Hawaii.

Mahalo,

-Forest Leonard

HB-2653-SD-1
Submitted on: 4/5/2024 12:24:04 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Carrie Ann Shirota	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair Dela Cruz, Vice Chair Moriwaki and Committee Members:

I strongy oppose HB 2653 HD1 SD1 RELATING TO THE ESTATE TAX, and ask that you reconsider this anti-economic justice and anti-equity measure.

As noted by Hawaii Applesed Center for Law and Economic Justice, "HB 2653 proposes raising the exemption amounts for estates to $13.6 million for singles and $27.2 million for couples by 2024. These thresholds are far beyond what the average household in Hawaiʻi would ever be able to accumulate. This would only serve to help millionaires, allowing them to pass on more of their wealth to their children without paying taxes. In addition, the lost estate tax revenue will negatively affect our working families, since it would require the legislature to divert resources that should be used for a number of important investments."

Greater investments in areas such as affordable housing and tax credits for low-income residents would significantly improve the economic security of all working families in Hawaiʻi, and we cannot afford to lose any potential funds for these priorities.

In closing, I urge you to defer HB 2653 HD1 SD1's and ensure that tax relief is distributed equitably.

Mahalo,

Carrie Ann Shirota

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 12:42:28 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Juvana Soliven	Individual	Oppose	Written Testimony Only

Comments:

I am writing in opposition of HB2653. Offering Estate Tax Breaks will only create a wider chasm in the wealth disparity between the mega-rich and the poorest among us in Hawaii. There is no reason to offer tax breaks to the wealthy, who have enough to give.

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 3:44:32 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Sven Sorge	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 5:04:28 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Courtney Velazquez	Individual	Oppose	Written Testimony Only

Comments:

I STRONGLY OPPOSE this bill.

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 6:14:36 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Julia Marrack	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

Sincereley,

Julia Marrack

Center on Budget and Policy Priorities

LATE

Memo

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Testimony opposing HB 2653

Samantha Waxman, Deputy Director, State Fiscal Policy Research, and Michael Mazerov, Senior Fellow, Center on Budget and Policy Priorities

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Senate Committee on Ways and Means, thank you for the opportunity to submit testimony on HB 2653. We are Samantha Waxman, Deputy Director of State Policy Research, and Michael Mazerov, Senior Fellow, both with the Center on Budget and Policy Priorities (CBPP). CBPP is an independent, nonpartisan research institute that since 1981 has worked to advance both federal and state policies aimed at building a nation where *everyone* has the resources they need to thrive.

CBPP opposes the enactment of HB 2653, which would more than double the threshold at which an estate becomes liable for the state estate tax and exclude from the tax certain ownership interests in closely held businesses. This bill would further rig the tax code in favor of the wealthy and well-connected at the expense of Hawai‘i residents struggling to make ends meet, would deprive Hawai‘i of revenues that are needed to meet the pressing needs of its residents right now, and would further entrench racial wealth inequality.

This bill would:

1) Worsen Hawai‘i’s tax code which is already tilted toward the wealthy
First, like most states across the country, Hawai‘i’s tax code is already tilted toward the wealthiest people. These estate tax proposals would further rig the tax code toward the wealthiest Hawai‘i residents, leaving everyone else to foot the bill for roads, schools, housing, health care, and all the other shared foundations of a thriving state.

In its recent distributional analysis of all 50 state tax systems and Washington, D.C., the Institution on Taxation and Economic Policy (ITEP) found that Hawai‘i’s tax code is already regressive. That means that on average, Hawai‘i residents earning the lowest incomes are paying a higher share of their income in taxes than people earning the highest incomes in the state. Specifically, people earning less than about $22,000 are paying an average 14 percent of their income in taxes, while the top 1 percent of earners — netting about $595,000 per year — are paying just 10 percent.[1]

This proposal to weaken the estate tax would only benefit the very highest wealth holders in Hawai‘i — the people who are already disproportionately benefiting from how Hawai‘i’s tax code is set up

[1] Institute on Taxation and Economic Policy (ITEP), “Hawai‘i: Who Pays? 7th Edition,” January 2024, https://itep.org/whopays-7th-edition/

now. Hawaiʻi should not make this problem worse, and should instead prioritize the needs of the Hawaiʻi residents who struggle every day to put food on the table.

2) Deprive the state of revenue it needs to meet the urgent needs of Hawaiʻi residents right now

There are many pressing needs in Hawaiʻi right now that require government support and revenue. They include:

- Urgent needs to rebuild Maui after devastating fires on the island that destroyed many homes and burned over 2,000 acres. The University of Hawaiʻi and Maui County estimate that it will take $5.5 *billion* to rebuild.[2]
- A long-standing crisis in affordable housing where there isn't enough housing at prices that many families can afford to pay.[3] In 2021, people in 58 percent of the state's occupied rental units were spending over 30 percent of their household income on rent.[4] The governor has signed several emergency proclamations to address this long-standing need.[5]
- Hawaiʻi's cost of living is very high — in Honolulu, residents spend 55 percent of their income on housing and food, while the national average is 46 percent.[6]

With these pressing needs facing Hawaiʻi residents with low and moderate incomes, now is not the time to be cutting taxes for the most affluent Hawaiʻi residents. The family business exemption would cost $15.8 million every year, according to the Department of Taxation, but there is no cost estimate available for the whole bill. This is not a best practice in fiscal policy – all bills that would cost revenue should have an accompanying fiscal note so that lawmakers and the public can make informed decisions during the legislative process.[7]

Instead of providing further tax breaks for the wealthiest Hawaiʻi residents, the state can and should prioritize the needs of low- and moderate-income Hawaiʻi residents, help families solve everyday financial challenges, and build a strong foundation for their future. There are many options: strengthen affordable housing, create a state-level "Keiki Credit" (Child Tax Credit) to reduce child poverty and improve outcomes for children and their families in the near and long term, and consider other alternatives to help struggling Hawaiʻi residents meet their needs given the state's high cost of living. Instead of spending $15.8 million on reducing the estate tax for the wealthiest

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[2] "Estimated $5.5B needed to rebuild from Lahaina fire," University of Hawaiʻi News, August 14, 2023, https://www.hawaii.edu/news/2023/08/14/estimated-5-5b-needed-rebuild-lahaina/

[3] Jessica Terrell, "Hawaii Has Been Facing A Housing Crisis For Generations," Honolulu Civil Beat, September 17, 2023, https://www.civilbeat.org/2023/09/hawaii-has-been-facing-a-housing-crisis-for-generations/.

[4] Will White and Devin Thomas, "Keeping Hawaiʻi Housed," March 2023, https://hiappleseed.org/publications/keeping-hawaii-housed.

[5] Office of Governor Josh Green, M.D., "Emergency Proclamation Relating To Housing," https://governor.hawaii.gov/emergency-proclamation-relating-to-housing/.

[6] "Beth Fukumoto: Why Isn't The Legislature Doing More To Address Hawaii's High Cost Of Living?" Honolulu Civil Beat, March 31, 2024, https://www.civilbeat.org/2024/03/beth-fukumoto-why-isnt-the-legislature-doing-more-to-address-Hawaiʻis-high-cost-of-living/.

[7] Elizabeth McNichol, Iris Lav, and Kathleen Masterson, "Better Cost Estimates, Better Budgets Improved Fiscal Notes Would Help States Make More Informed Decisions," November 24, 2015, https://www.cbpp.org/research/better-cost-estimates-better-budgets.

Hawaiʻi residents, plus the unknown cost of doubling the estate tax exemption, the state could extend the Rental Supplement Program to 2,600 more families, for example.

3) Further concentrate wealth, worsen racial wealth inequality

Racial wealth inequality is high across the country and Hawaiʻi is no exception. Before the COVID-19 pandemic, the wealthiest 10 percent of white households owned 65 percent of U.S. wealth and that figure is likely even higher now.[8] This distribution of wealth is not by accident, and represents a long history of racial discrimination and inequity. Furthermore, ITEP has found that Hawaiʻi already has an outsized concentration of wealth compared to other states across the country, and compared to its population share.[9]

The estate tax is one of the few ways to directly address the intergenerational transfer of wealth, which is itself a major contributor to racial wealth inequality. Increasing the estate tax exemption level as this bill does would provide a windfall to the fraction of the top 1 percent of wealth-holders who pay the estate tax. The Tax Cuts and Jobs Act, signed into law under former President Trump in 2017, increased the federal estate tax threshold from $5.49 million and it is now $13.61 million in 2024. In 2017, CBPP found that only the largest 0.2 percent of estates pay the tax, and that 99.8 percent of people face no estate tax at all.[10] Furthermore, ITEP found that just 42 estates — or 0.39 percent of all estates in Hawaiʻi — owed federal estate tax in 2016 prior to the Tax Cuts and Jobs Act.[11]

The Tax Foundation of Hawaiʻi notes in their own testimony that both increasing the exemption level and deducting the value of a qualified family-owned business, as the bill proposes, "would allow a person with a very valuable qualified family-owned business interest, Mark Zuckerberg of Facebook for example, to leave all of it plus $13.61 million to his heirs free of any Hawaii estate tax."[12]

Giving such a tax break to only the largest estates would further concentrate wealth and worsen racial wealth inequities at a time when so many Hawaiʻi residents are struggling just to get by.

Proposed New Deduction for Transfers of Business Interests at Death Includes Several Ambiguous Provisions That Make Little Sense

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[8] Samantha Waxman and Elizabeth McNichol, "Improved State Taxes on Wealth, High Incomes Can Help Fuel an Equitable Recovery," CBPP, December 10, 2020, https://www.cbpp.org/research/state-budget-and-tax/improved-state-taxes-on-wealth-high-incomes-can-help-fuel-an.

[9] Carl Davis, Emma Sifre, and Sapndan Marasini, "Estimating Wealth Levels and Potential Wealth Tax Bases Across States," ITEP, October 13, 2022, https://itep.org/the-geographic-distribution-of-extreme-wealth-in-the-u-s/.

[10] Chye-Ching Huang, "Doubling Estate Tax Exemption Would Give Windfall to Heirs of Wealthiest Estates," November 9, 2017, https://www.cbpp.org/blog/doubling-estate-tax-exemption-would-give-windfall-to-heirs-of-wealthiest-estates.

[11] Steve Wamhoff, "The Estate Tax is Irrelevant to More Than 99 Percent of Americans," December 7, 2023, https://itep.org/federal-estate-tax-historic-lows-2023/.

[12] Tax Foundation of Hawaii, Testimony on SB 3345, HB 2653, February 8, 2024, https://www.capitol.hawaii.gov/sessions/session2024/Testimony/HB2653_TESTIMONY_FIN_02-27-24_.PDF, pg. 7.

In addition to providing an enormous tax break to the wealthy by more than doubling the estate tax exclusion amounts, H.B. 2653 provides *unlimited* estate tax breaks to the wealthy owners of closely held businesses (businesses with 45 or fewer owners). The findings section of the bill contains numerous statements about disproportionate harms that closely held Hawaiʻi businesses owned by members of a family are allegedly experiencing, and about disproportionate benefits that such firms allegedly provide to the Hawaiʻi economy. None of these statements is supported with any evidence, and there is good reason to doubt many of them.

For example, it is suggested that the combined impact of federal and Hawaiʻi estate taxes may drain so much cash from businesses that the heirs may be forced to sell them. But previous research by Urban-Brookings Tax Policy Center showed that when the federal estate tax exemption was where Hawaiʻi's is now, only 80 small farms or businesses in the entire nation were subject to the estate tax in a year.[13]

Moreover, many of the asserted benefits of the bill are framed as helping small businesses, but the bill actually provides tax breaks to decedent owners of *family-owned* businesses — many of which undoubtedly will be very large businesses under any reasonable definition. Conversely, many small, closely held businesses that may indeed be struggling will not receive any benefits from the bill because none of the owners owns a large enough share to qualify it as a family-owned business.

Finally, the bill is not drafted in a way that ensures that its asserted benefits to small businesses, and the Hawaiʻi economy more broadly, are actually realized.

- **The bill's deduction from the taxable estate of the value of an interest in a closely held family business (paragraph (a)) does not appear to be limited to businesses located in Hawaiʻi**. The bill is vague, but it appears that the estate will get the tax break if the decedent has been engaged in significant business activities (e.g., management) of an out-of-state business. (As long as the business is not operated as a sole proprietorship, the decedent's ownership interest in the business would be considered an intangible asset and would ordinarily be included in their estate taxable by Hawaiʻi if the decedent is domiciled in the state at the time of death.) Moreover, the decedent doesn't even have to be involved with the business at the time of death; they only have to have been involved for five of the eight years prior to death. So, for example, the estate of someone who owned and managed a car dealership in California through 2022, retired to Hawaiʻi in 2023, and died at the end of 2025 would apparently still get the tax break.

- **Even if the business *is* located in Hawaiʻi, there is no requirement that the business continue to operate in Hawaiʻi following the decedent's death in order for the estate to obtain the tax deduction.** The heirs are free to liquidate the business, sell it to a non-family-owned corporation, or move it to another state. In contrast, under the provisions of a federal estate tax break for real estate owned by family-owned businesses, upon which certain definitions in HB 2653 are based, the tax break is clawed back if the property is sold to a non-family-member within the first ten years after it is inherited.

[13] Chye-Ching Huang and Chloe Cho, "Ten Facts You Should Know About the Federal Estate Tax," October 30, 2017 https://www.cbpp.org/research/ten-facts-you-should-know-about-the-federal-estate-tax.

- **The bill does not even clearly require that the ownership of the business be passed down to a member of the decedent's own family.** To qualify for the tax break, "[a]t least fifty-one percent of the voting stock of the corporation shall be owned by members of two or more families who are related by blood, marriage, or adoption." This is extremely ambiguous and puzzling language in several respects.

    - First, it does not say "related *to the decedent* by blood, marriage, or adoption." Thus, it appears that the estate would qualify for the tax break if the ownership interest in the business were passed down to two families unrelated to the decedent as long as they were related *to each other*.

    - Second, the reference to "shall be owned" is ambiguous as to the applicable time frame. Does it mean that 51 percent of the voting stock of the business has to be owned by two related families at the decedent's time of death in order to qualify for the deduction, or does it mean that following the inheritance of the decedent's interest in the business at least two related families must own 51 percent of the stock in it?

    - In either case, why the requirement of two families? Why wouldn't the tax break apply if the decedent owned 100 percent of the business themselves? Or, if the provision means that 51 percent must be passed to two families, why shouldn't it apply if the decedent willed their interest in the property to (for example) just one child?

    - Why the reference to "the voting stock of the corporation"? What if the business is not organized as a corporation; for example, what if it is organized as a limited liability company?

- **The bill contains a second, even more ambiguous statement, regarding a tax break for which the estate of a decedent is eligible in paragraph (b).** It reads as follows: "If the estate tax due on an estate includes tax attributable to the value of a qualified family-owned business interest, the state shall be allowed a deduction from the gross estate of the decedent equal to the value of the interest in a closely held business." This wording is even more ambiguous than that of paragraph (a) discussed above, and its intention is very unclear:

    - Does "the estate tax due" refer to the Hawaiʻi estate tax? It doesn't say so. It's possible that the tax deduction would apply if a *federal* estate tax was due. This is a reasonable interpretation of the intent, since, if the estate were eligible for the deduction described in paragraph (a), there shouldn't be any Hawaiʻi estate "tax attributable to the value of a qualified family-owned business interest"; that's precisely the tax that paragraph (a) is intended to eliminate.

    - Note that the deduction provided for in this paragraph (b) is "equal to the value of the interest in a *closely held* business," not (as in paragraph (a)) "the value of the decedent's *qualified family-owned* business interests." So a reasonable interpretation of this paragraph is that if any federal estate tax is due on the value of the

> decedent's interest in a family-owned business (as it would be if that value exceeded the federal estate tax exclusion amount), then *Hawai'i* will grant that estate a *second* tax deduction equal to the value of any *closely held business* owned by the decedent at the time of death, *regardless* of whether that closely held business was a *family owned* business. (In addition to owning and managing their own family-owned business, it would be quite possible for the decedent to be a passive investor in other "closely held" businesses as defined in federal law, for example, a corporation in which the decedent is a passive investor with an ownership interest of at least 20 percent and no more than 44 other owners.)

In sum, there is considerable ambiguity surrounding both the meaning and the intention of much of the language in HB 2653, and until both are clarified the bill should not be approved.

Hawai'i has a choice: to improve families' economic well-being and make progress on racial and gender equity by protecting — and enhancing — its ability to raise adequate and fair revenues and to use those resources for initiatives that help more people share in the state's prosperity, or to compromise the state's future through misguided tax cuts for the wealthy.

The Center on Budget and Policy Priorities urges the committee to reject HB 2653. Thank you.

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 6:49:16 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
John Gelert	Individual	Oppose	Written Testimony Only

Comments:

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 7:42:22 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Diliaur Tellei	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill and urge the committee to defer it. It uses the language of family and community to hide what's essentially a loophole for tax evasion by the wealthy, which we all know happens by funneling money through owned businesses. If the Legislature is saying we don't have money to fund critical programs that would benefit the whole community, such as Universal Free School Meals, the Keiki Credit or Paid Family Leave (both of which I wrote testimony in support for), why a would it create this tax loophole that would cost the state tens of millions of dollars a year? Again, I urge the committee to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 7:52:13 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
John Bickel	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in strong opposition to HB2653, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

It seems that this bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

I urge you to defer this bill.

HB-2653-SD-1
Submitted on: 4/5/2024 9:02:12 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Jenn Kagiwada	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Committee Members,

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

This bill would only be benefiting the wealthiest among us, while doing nothing for those who need financial support the most. The estate tax helps in preventing oligarchies, which are a direct threat to our democracy and continue to widen our class divide.

This bill will cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. I urge you to defer this bill.

Mahalo,

Jenn Kagiwada

Council Member for Hilo, District

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 9:48:33 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Jordan Kapono Nakamura	Individual	Oppose	Written Testimony Only

Comments:

Aloha, my name is Jordan Kapono Nakamura and I'm a kama'aina worker, and I strongly oppose this bill. This is a highly dangerous bill that only aids the most wealthy property owners during a time when we desperately need more aid for workers, ohana struggling to make ends meet, and locals who want to remain on the 'aina. Getting rid of an estate tax would make it much easier for the wealthiest property owners to retain their disproportionate power, costing the state tens of millions of dollars per year that would need to be made up elsewhere during a period where the state claims it has no sources of funding to approve much needed bills for Paid Family Leave, Keiki Credit, or Universal Free School Meals. This bill must be deferred and voters are paying attention, despite how hasily this proposal has been rushed into hearing. Please act in accordance with the good of the entire community of Hawai'i by deferring and opposing this bill. Mahalo.

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 9:57:16 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
claudia rohr	Individual	Oppose	Written Testimony Only

Comments:

Dear Legislators-

It would be unconscionable to approve a tax break for the rich at a time when the budget is so overstretched that you will not approve basic social services, and when ordinary working people cannot make ends meet.

Thank you for your time and service.

Claudia Rohr

Hilo, Hawaii 96720

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 10:24:16 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Wailea A	Individual	Oppose	Written Testimony Only

Comments:

I am testifying in **strong opposition to HB2653**, which would more than double the amount that is exempt from the estate tax from $5.5 million for singles and $11 million for couples, up to $13 million singles / $27 million couples.

The bill would also entirely exempt family-owned businesses from the estate tax. But again, the estate tax only impact multi-millionaires. We are not talking about local small businesses in the true sense of the word, but rather powerful and influential local corporations.

This is a highly dangerous bill that would only help the absolute wealthiest among us, while doing nothing for struggling workers, their families or the average small business. The estate tax helps prevent oligarchy from forming, a direct threat to democracy. Gutting it like this means that wealth will only accumulate further in the hands of the super wealthy. We know after decades of data that the "trickle-down economics" theory is a lie—but that's exactly what this bill represents.

The bill would cost the state tens of millions of dollars per year at a time when lawmakers have been telling the public there isn't enough money for critical programs like Universal Free School Meals, the Keiki Credit or Paid Family Leave. It is unconscionable to even be considering a bill like this. I urge you to defer this bill.

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 11:33:32 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Bruce Robinson	Individual	Support	Written Testimony Only

Comments:

I support Bill SB3345/HB2653 because it alleviates some of the tax burdens that many Legacy Family/Businesses face when planning for future generations.

Mahalo nui loa.

Bruce B. Robinson

LATE

HB-2653-SD-1
Submitted on: 4/5/2024 11:50:32 AM
Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Glenn Choy	Individual	Oppose	Written Testimony Only

Comments:

My name is Glenn Choy, from Honolulu. I strongly oppose this bill. Do the bidding of the people, not the lobbyists. THe people will remember.d Thank you.