

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau

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TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 476, H.D. 1, Relating to Capital Gains Tax

BEFORE THE:

House Committee on Finance

DATE: Monday, February 24, 2025

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 308

Chair Yamashita, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 476, H.D. 1, for your consideration.

H.B. 476, H.D. 1, amends section 235-51(f), Hawaii Revised Statutes (HRS), by increasing the capital gains tax rate for individuals, estates, and trusts from 7.25 percent to 9 percent, and amends section 235-71.5(2)(B), HRS, by increasing the alternative capital gains tax for corporations from 4 percent to 5 per cent. The bill has a defective effective date of July 1, 3000.

DOTAX requests that the effective date of the bill be amended to apply to taxable years beginning after December 31, 2024 (or to taxable years beginning after December 31, 2025) to avoid the ambiguity and uncertainty that would arise from a change in tax rates in the middle of a taxable year.

Based on a July 1, 2025 effective date, DOTAX estimates the following revenue gain:

General Fund Impact (\$ millions)

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Individual Income Tax	58.5	55.0	49.0	42.2	49.0	51.1
Corporate Income Tax	25.9	30.0	31.4	32.4	33.3	33.9
Total	84.4	85.0	80.4	74.6	82.2	85.0

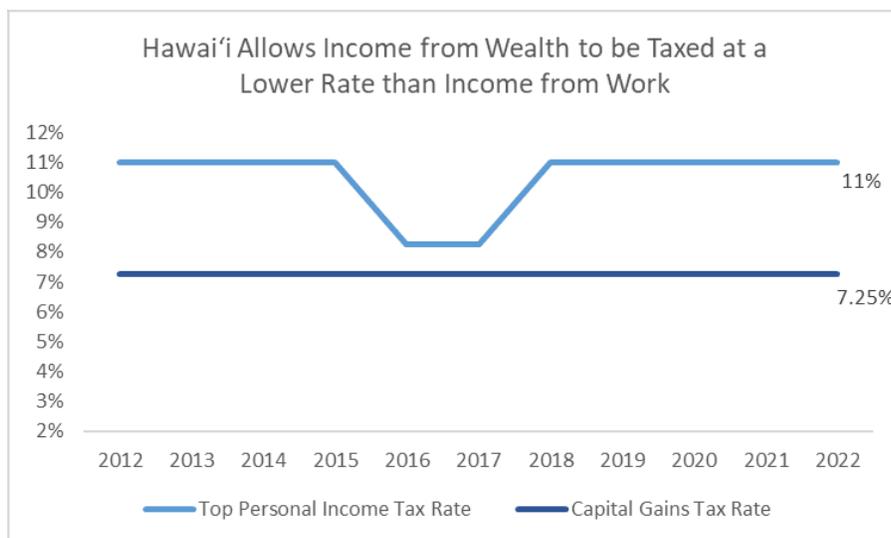
Thank you for the opportunity to provide comments on this measure.

To: House Committee on Finance
Re: **HB 476 HD1 – Relating to Capital Gains Tax**
Hawai'i State Capitol & Via Videoconference
February 24, 2025, 10:00 AM

Dear Chair Yamashita, Vice Chair Takenouchi, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **SUPPORT with suggested amendments to HB 476 HD1**. This bill increases the capital gains tax rate for individuals, estates, and trusts to nine percent. Increases the alternative capital gains tax for corporations to five percent.

Hawai'i is one of only nine states that allows capital gains—profits from the sale of stocks, bonds, investment real estate, art, and antiques—**to be taxed at a LOWER rate than ordinary working people's income**.¹ This tax break benefits those at the top, including non-residents who profit from investing in real estate in Hawai'i.



As the Hawai'i Department of Taxation states, **“The capital gains are heavily concentrated in the high end of the income distribution especially for nonresidents. The higher the income of taxpayers the greater the share of capital gains in their taxable income in general,”**²

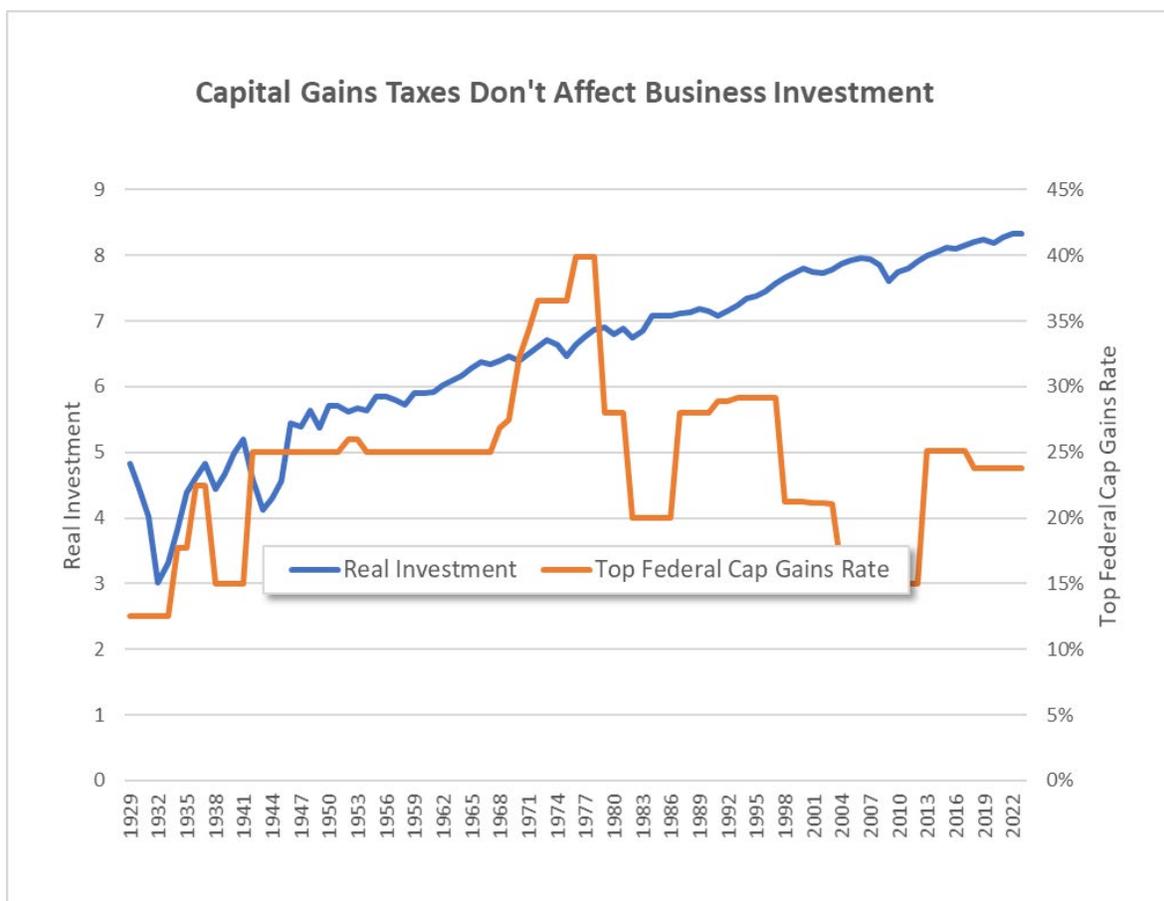
For those who made more than \$400,000 a year in 2022, long-term capital gains were 21% of the total taxable income of residents, and **more than half (56%) the income of non-residents**.³

¹ Center on Budget and Policy Priorities, <https://www.cbpp.org/research/state-budget-and-tax/state-taxes-on-capital-gains>

² <https://files.hawaii.gov/tax/stats/stats/indinc/2022indinc.pdf>

³ <https://files.hawaii.gov/tax/stats/stats/indinc/2022indinc.pdf>

Looking at the federal capital gains tax rates and real business investment over time, **there is no relationship between taxing capital gains and investment levels.**⁴ As Warren Buffett said, "I have worked with investors for 60 years and I have yet to see anyone -- not even when capital gains rates were 39.9 percent in 1976-77 -- shy away from a sensible investment because of the tax rate on the potential gain."⁵



However, by raising the capital gains tax threshold from 7.25% to 9%, **this bill would increase taxes on middle-income taxpayers** who have capital gains, **while still giving a tax break to those at the top.** Instead, **we suggest amending this bill to simply tax wealth at the same rate as work – by eliminating the capital gains tax loophole entirely**, as proposed in SB349.

Mahalo for this opportunity to provide testimony. Please pass this bill with our suggested amendments.

Sincerely,
Nicole Woo
Director of Research and Economic Policy

⁴ Unpublished analysis by State Revenue Alliance and Institute on Taxation and Economic Policy, November 2024

⁵ CNN Money, https://money.cnn.com/2011/08/15/news/economy/buffett_taxes/index.htm

February 24, 2025

The Honorable Kyle T. Yamashita, Chair

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

RE: House Bill 476, HD1, Relating to Capital Gains Tax

HEARING: Monday, February 24, 2025, at 10:00 a.m.

Aloha Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR **opposes** House Bill 476, HD1, which increases the capital gains tax rate for individuals, estates, and trusts to nine percent. Increases the alternative capital gains tax for corporations to five percent. Effective 7/1/3000.

A capital gain happens when one sells an investment for a profit, such as stocks, real estate, or businesses. Hawaii has the 10th highest capital gains tax rate of all 50 states and D.C.¹ Additionally, 7 states have no capital gains tax and Washington exempts real estate from capital gains taxation.

We believe attracting capital into the state is a necessary and critical component to solving our housing crisis for both renters and buyers. Unlike the federal capital gains tax rates, Hawaii does not make a distinction between short-term and long-term gains. As such, a capital gains tax increase may act to discourage new capital investment coming into the State.

Additionally, HAR believes that Hawaii's capital gains rate should be taxed at a lower rate than ordinary income to both factor in inflation and because a lower rate would factor in the high amount of risk it takes to start a business or invest in the stock market, where one could also lose a lot of money. Furthermore, the capital gains tax has a disproportionate impact on our kupuna who may want to sell and downsize to a smaller home where they can age in place or rely on their investments to convert their assets to spendable income during their retirement, such as for medical expenses or to move into a care home.

Mahalo for the opportunity to provide testimony on this measure.

¹ Realized 1031. (n.d.). "Capital Gains Tax Rate." <https://www.realized1031.com/capital-gains-tax-rate>



HOUSE BILL 476, HD1, RELATING TO CAPITAL GAINS TAX

FEBRUARY 24, 2025 · FIN HEARING

POSITION: Support with amendments.

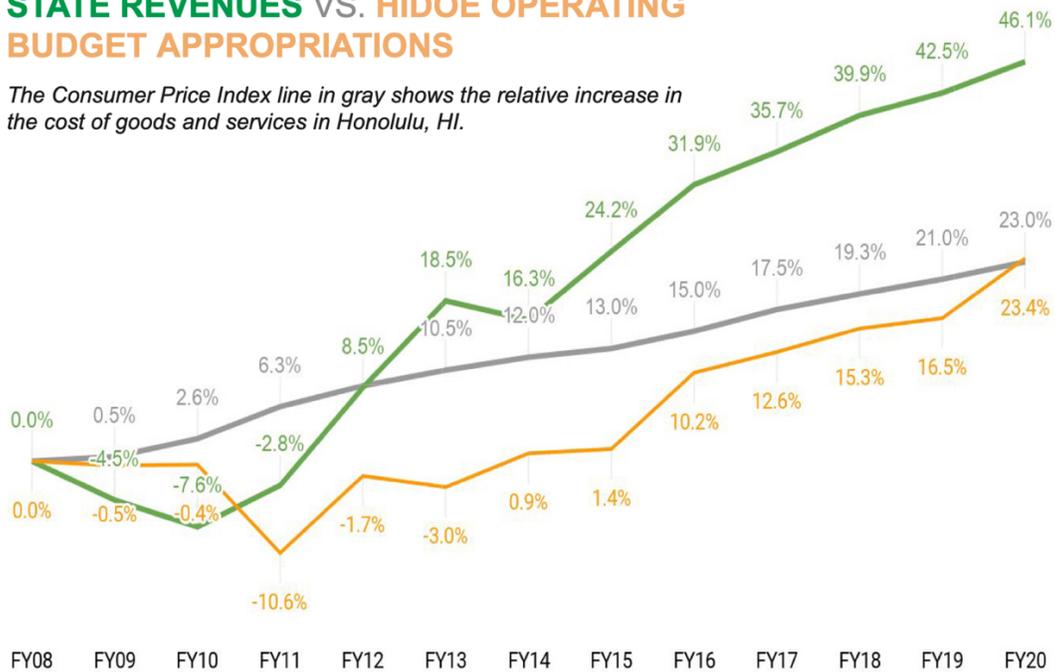
RATIONALE: The Democratic Party of Hawai'i Education Caucus **supports and suggests amendments for** HB 476, HD1, which increases the capital gains tax threshold to nine percent and increases the alternative capital gains tax for corporations to five percent.

Public education is the heartbeat of our democracy and our economy. Historically, however, our public school system has been dramatically underfunded, leading to reconsideration of whether or not to continue successful learning programs. Arts, Hawaiian cultural, career and technical, foreign language, and 21st Century elective programs have been slashed to maintain an unsustainable testing regime.

Unfortunately, when our state's education budget fails to keep pace with inflation, successful learning centers and categorical programming get placed on the chopping block, while the DOE's priorities shift from classroom support to programmatic savings. Put simply, when we fail to adequately fund our schools, the DOE must spend more time accounting for basic programs, crowding out concerns about the efficient allocation of funds for individual teacher and student needs, special education, career and technical education, wraparound services, and essential supports like student transportation, school meals, and mental health programs.

STATE REVENUES VS. HIDEO OPERATING BUDGET APPROPRIATIONS

The Consumer Price Index line in gray shows the relative increase in the cost of goods and services in Honolulu, HI.



FY08-18 Actual Collections per Department of Taxation; FY19 and FY20 based on Council on Revenues May 23, 2019 projection.

Increasing the capital gains tax would generate much-needed revenue into our state, which would help remedy our longstanding public education funding crisis. It is time for the wealthy to pay their fair share for crucial public services.

That said, we urge your committee to amend this measure to tax capital gains at the same rate as ordinary income, which the House passed last year in HB 1660. Hawai'i is one of only nine states that taxes all capital gains—profits from the sale of stocks, bonds, investment real estate, art, and antiques—at a lower rate than ordinary income. This capital gains tax loophole privileges almost entirely high-income taxpayers, including non-residents who profit from investing in real estate in the islands. Moreover, taxing capital gains at the same rate as ordinary income will ensure that low- and middle-income tax payers do not pay a capital gains rate that exceeds their income tax bracket, but is rather in accordance with their annual income level.

If Hawai'i were to tax capital gains at the same rates as regular income, as most states do, **we could bring in tens of millions of dollars in new revenue**, 97 percent of which would be paid

by the top 5 percent of income earners in our state. The bottom 80 percent would pay nothing at all. That money could be used to fund vital state priorities, such as public education, environmental preservation, health care, mental health services, transportation infrastructure, and the establishment of tax credits for those in need.

In previous years, the Institute for Taxation and Economic Policy suggested that taxing capital gains at the same rate as ordinary income would bring in over \$80 million to state coffers. Last year's passage of a comprehensive tax cut—including for the wealthy—likely diminishes those numbers, but enacting this measure would still produce significant sums for important state priorities, including public education.

We cannot give up the quest for a fully funded school system. Our keiki's and our community's future depends on our resolve.

Contact: educationcaucusdph@gmail.com

TESTIMONY IN SUPPORT OF HB 476, HD 1

TO: Chair Yamashita, Vice Chair Takenouchi, & FIN Committee Members

FROM: Nikos Leverenz
Policy & Advancement Manager

DATE: February 24, 2025 (10:00 AM)

Hawai'i Health & Harm Reduction Center (HHHRC) **strongly supports** HB 476, HD 1, which increases the capital gains tax rate for individuals, estates, and trusts to nine percent and increases the alternative capital gains tax for corporations to five percent.

[Hawai'i one of a small number of states that tax capital gains at lower rates than ordinary income](#). Lower taxation of profits that are realized by the sale of stocks, bonds, real estate, art, and antiques is a windfall for higher-income taxpayers, including non-residents who benefit from speculative real estate investments. This revenue is needed to help fund the ongoing critical needs of the state, including housing, education, health care, infrastructure, and programs to assist working families and others in need.

HHHRC's mission is to reduce harm, promote health, create wellness, and fight stigma in Hawai'i and the Pacific. We work with many individuals impacted by poverty, housing instability, and other social determinants of health. Many have behavioral health problems, including those related to substance use and mental health conditions, and have also been deeply impacted by trauma related to histories of physical, sexual, and psychological abuse.

Mahalo for the opportunity to provide testimony.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: NET INCOME, Increase Maximum Capital Gains Tax Rate

BILL NUMBER: HB 476 HD 1

INTRODUCED BY: House Committee on Economic Development

EXECUTIVE SUMMARY: Increases the maximum capital gains tax for individuals to 9%.
Increases the maximum capital gains tax for corporations to 5%.

SYNOPSIS: Amends section 235-51(f), HRS, to increase the maximum capital gains rate for individuals from 7.25% to 9%.

Amends section 235-71.5, HRS, to increase the maximum capital gains rate for corporations from 4% to 5%.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: Under current law, capital gains are taxed as income. A capital gain is a profit from the sale of a capital asset—such as a house, stock, bond, or jewelry—from the time that asset is acquired until the time it is sold. The price at which an asset is purchased is called the asset’s “basis,” and taxpayers pay tax on the difference between an asset’s basis and its sales price when they sell, or realize, that capital gain.

In the federal system, for capital gains realized on assets held for less than one year (short-term capital gains), taxpayers pay taxes according to their ordinary individual income tax rate, ranging from 10 percent to 37 percent. For assets held longer than one year (long-term capital gains), taxpayers pay a reduced tax rate, ranging from 0 percent to 20 percent, depending upon a taxpayer’s income. Individuals with Modified Adjusted Gross Income surpassing \$200,000 (\$250,000 for married couples) pay an additional 3.8 percent tax on net investment income.

Also, when a person dies and leaves property to an heir, the basis of that property is increased to its fair market value. This “step-up in basis” means that any capital gains that occurred during the decedent’s life go untaxed. When the heir sells that property, any capital gains taxation will be assessed based on the heir’s new basis. Step-up in basis reduces the tax burden on transferred property, as the total value of transferred property is already taxed by the estate tax.

Presently, capital gains income is taxable at the federal level and in all 41 states that also tax wage income. The federal government offers a lower rate for long-term capital gains but taxes short-term gains at the ordinary rate. States tend to tax capital gains at the ordinary rate.

This proposal is still a tax increase on individuals and corporations. It would also be a tax increase on small businesses, since 75% or so of small businesses are organized as partnerships,

LLCs taxed as sole proprietorships or partnerships, or S corporations; all of those business forms do not (yet) pay income tax at the entity level but its owners pay tax on their respective shares of the entity's business, primarily at the individual level.

A tax increase of any magnitude in Hawaii's fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. As costs and overhead increase, employers must find ways to stay in business by either increasing prices to their customers or cut back on costs. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or even laying off workers. A tax increase of any magnitude would send many companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

Digested: 2/22/2025

Feb. 24, 2025, 10 a.m.
Hawaii State Capitol
Conference Room 308 and Videoconference

To: House Committee on Finance
Rep. Kyle T. Yamashita, Chair
Rep. Jenna Takenouchi, Vice-Chair

RE: HB476 HD1 — RELATING TO CAPITAL GAINS TAX

Aloha Chair Yamashita, Vice-Chair Takenouchi and other members of the Committee,

The Grassroot Institute of Hawaii **opposes** [HB476 HD1](#), which would increase the maximum capital gains tax rate for individuals from 7.25% to 9% and the capital gains tax rate for corporations from 4% to 5%.

Hawaii is already ranked among the worst states in which to start a business,¹ and we are concerned a higher capital gains tax could discourage business expansion and innovation.

There are a number of sound fiscal reasons for taxing capital gains at a lower rate than income, if they are to be taxed at all.

For one, it reflects the fact that capital gains are not indexed for inflation, thus the lower rate is intended to offset the fact that some portion of the gain represents inflation rather than real returns.²

In addition, high capital gains taxes create a “lock in” effect in which investors delay the sale of investments in order to avoid tax repercussions. This reduces economic growth by discouraging diversification and the movement of capital within the state.³

That is why higher tax rates on capital gains could have the unintended effect of driving down investment and entrepreneurship in Hawaii.

¹ Adam McCann, “[Best & Worst States to Start a Business \(2025\)](#),” WalletHub, Jan. 20, 2025.

² Stephen Entin, “[Getting “Real” by Indexing Capital Gains for Inflation](#),” Tax Foundation, March 6, 2018.

³ Jane Gravelle, “[Capital Gains Taxes: An Overview of the Issues](#),” Congressional Research Service, May 24, 2022, p. 17.

Curtis Dubay, chief economist at the U.S. Chamber of Commerce, wrote in 2021: “The economic models and past history all reach the same conclusion: When you significantly increase taxes on capital gains you get significantly less capital investment.”⁴

In other words, investors and entrepreneurs would be less likely to conduct business in Hawaii as an increase in the capital gains tax would contribute to Hawaii’s already poor business environment.

A 2021 study by the Baker Institute noted that “two decades of relatively slow economic growth call for increased innovation and faster diffusion of new technology, but higher capital gains tax rates will reduce innovation and technology diffusion.”⁵

Hawaii residents, of course, need more innovation, not less, to prosper.

In addition, higher capital gains taxes can discourage savings. The national Tax Foundation wrote in 2019: “When multiple layers of tax apply to the same dollar, as is the case with capital gains, it distorts the choice between immediate consumption and saving, skewing it towards immediate consumption because the multiple layers reduce after-tax return to saving.”⁶

In terms of generating tax revenues, a 2021 economic model from the University of Pennsylvania’s Wharton School found that a proposed hike in the federal capital gains tax rate would actually produce less revenue, since investors would be more likely to hold onto their investments so their heirs would inherit them at death, thus avoiding the increased capital gains tax.⁷

In fact, Hawaii legislators should be skeptical of optimistic tax revenue projections achieved via a capital gains tax hike. A study from the Congressional Budget Office on how taxes affect the decision to realize gains concluded that such decisions are very responsive to changes in taxation.

The study found a persistent elasticity of -0.79,⁸ which means that a 10% cut in capital gains taxes would increase realizations by 7.9%. Thus, a cut in the capital gains tax would have minimal or even a positive effect on tax revenues.

In fact, in 2007 the IRS collected \$122 billion at a 15% capital gains tax rate compared to only \$26.7 billion in 2007 dollars at the 40% rate in 1977,⁹ This was a significant increase even after adjusting for inflation and other relevant factors.

⁴ Chris Dubay, “[Raising the Capital Gains Tax: Who Does it Really Hurt?](#)” U.S. Chamber of Commerce, May 13, 2021.

⁵ John Diamond, “[The Economic Effects of Proposed Changes to the Tax Treatment of Capital Gains](#),” Baker Institute Center for Public Finance, Oct. 27, 2021.

⁶ Erica York, “[An Overview of Capital Gains Taxes](#),” Tax Foundation, April 26, 2019.

⁷ John Ricco, “[Revenue Effects of President Biden’s Capital Gains Tax Increase](#),” Penn Wharton Budget Model, April 23, 2021.

⁸ Tim Dowd, et al., “[New Evidence of the Tax Elasticity of Capital Gains](#),” Congressional Budget Office, June 2012, p.17.

⁹ Daniel Block and William McBride, “[Why Capital Gains are taxed at a Lower Rate](#),” Tax Foundation, June 27, 2012.

Conversely, an increase in the capital gains tax would net significantly less in tax revenues than what might be calculated from a static model.

In short, Hawaii's residents and businesses need a break from new taxes, tax increases, fees and surcharges. This is not the time to make Hawaii a more expensive place to live and do business.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

HB-476-HD-1

Submitted on: 2/23/2025 8:04:14 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jamie Detwiler	Hawaiian Islands Republican Women	Oppose	Written Testimony Only

Comments:

Aloha Chair Yamashita and Committee Members,

The Hawaiian Islands Republican Women stand in **STRONG OPPOSITION TO HB476.**

It is fiscally and ethically irresponsible to increase the capital gains tax. This will place a significant tax burden on our residents and have a greater impact on future generations.

How does this measure up to the headlines in June 2024 where Governor Josh Green signed the largest income tax cut in state history into law? The new law gave final approval to a measure that should deliver bigger paychecks for many of Hawaii's working people as early as the beginning of next year.

Please do the right thing by voting **NO** on HB476.

Thank you for the opportunity to testify.

Respectfully,

Jamie Detwiler,

Hawaiian Islands Republican Women



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Dear Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee,

Thank you for the opportunity to testify on behalf of Hawai'i Appleseed in **support** of HB 476, which would raise the capital gains tax threshold to 9 percent and the alternative capital gains tax for corporations to 5 percent.

Capital gains are the profits an individual earns by selling their assets, including stocks, bonds, art, and antiques. The maximum capital gains tax for the state is 7.25 percent, which is much lower than the top 11 percent tax rate on income from regular jobs. This loophole means that individuals in the upper income brackets receive preferential treatment—they pay a lower tax rate on their income from capital gains compared to low- to middle-income workers, who often cannot afford to buy a large amount of assets.

For example, local taxpayers with incomes over \$400,000 make around 33 percent of their taxable income through capital gains. In comparison, local taxpayers in the \$40,000 to \$50,000 range earn just 0.7 percent of their taxable income through capital gains.¹

Hawai'i's low capital gains tax gives the wealthy an unfair advantage over people with lower incomes. Just like the rest of us, the wealthy should pay their fair share of the taxes that support our state's programs, infrastructure, and services. Raising the capital gains tax is an opportunity for Hawai'i to generate consistent revenue by targeting high-income taxpayers, who can easily afford to pay more in taxes.

Raising the capital gains rate is a step in the right direction. This increase would mainly affect wealthy individuals who can afford to pay higher taxes. In fact, 80 percent of all the long-term capital gains in Hawai'i are earned by the wealthiest group of taxpayers—those who have incomes of at least \$400,000.

¹ <https://files.hawaii.gov/tax/stats/stats/indinc/2021indinc.pdf>

Figure 3. Number of Hawai'i returns with long-term capital gains, 2020

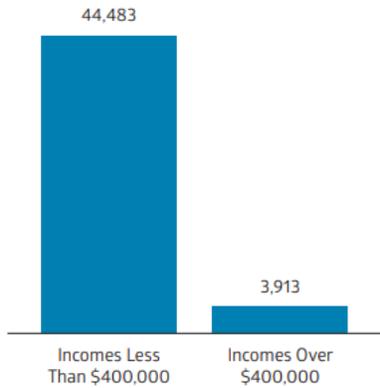
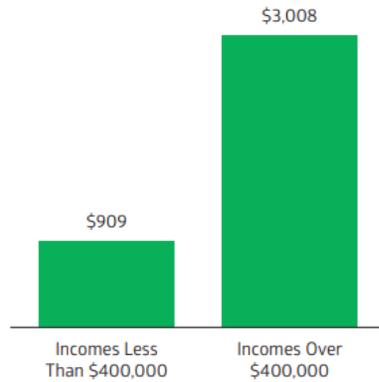


Figure 4. Dollar value of all long-term capital gains (\$Millions), 2020



Figures 3 & 4. The distribution of returns with income from long-term capital gains and the amounts of income reported both disproportionately favor the wealthiest taxpayers. These figures include data for both resident and nonresident taxpayers in 2020.

This bill would boost funding for our schools, infrastructure, government assistance programs, and affordable housing that Hawai'i's residents need to thrive.

In the long term, we would also encourage legislators to look at taxing capital gains at the same rate as ordinary income. This would completely eliminate the capital gains loophole, while generating even more tax revenue for the state.

Mahalo for your consideration.



Randy Perreira
President

HAWAII STATE AFL-CIO

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Fax: (808) 593-2149

The Thirty-Third Legislature
House of Representatives
Committee on Finance

Testimony by
Hawaii State AFL-CIO

February 24, 2025

TESTIMONY IN SUPPORT OF HB476 HD1 - RELATING TO CAPITAL GAINS TAX

Chair Yamashita, Vice Chair Takenouchi, and members of the committee:

The Hawaii State AFL-CIO is a state federation of 76 affiliate labor organizations representing over 69,000 union members across Hawaii in industries including healthcare, construction, hospitality, entertainment, transportation, and government. The AFL-CIO serves its affiliates by advocating for the rights of working families, promoting fair wages, ensuring safe working conditions, and supporting policies that strengthen Hawaii's workforce.

We are in support of HB476 HD1, which increases the capital gains tax threshold to nine percent for individuals and raises the alternative capital gains tax for corporations to five percent. Hawaii's current capital gains tax structure disproportionately benefits wealthier individuals and corporations, exacerbating income inequality across the state. This measure will help create a more equitable tax system by ensuring that capital gains are taxed at a level closer to ordinary income, which is how most working families' earnings are taxed.

Revenue generated from this adjustment could be used to support essential services, invest in affordable housing, or improve infrastructure, benefiting residents and strengthening Hawaii's economy. Working families rely on these services to maintain their quality of life, and a fairer tax system ensures those who benefit the most contribute their fair share.

This measure reflects Hawaii's commitment to addressing economic inequality and fostering a tax system that supports working families and the broader community.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Randy Perreira', is written over a faint, larger version of the same signature.

Randy Perreira
President

HB-476-HD-1

Submitted on: 2/21/2025 2:12:25 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Oppose	Written Testimony Only

Comments:

First you giveth away, and now you take away. Last year taxpayers were gifted with tax reductions. Now you want to increase some taxes. Nothing like bait and switch. Shame on you and especially my representative, Daniel Holt, who is one of the introducers. Many of us buy and sell securities to earn a profit, which helps pay our daily living expenses. It is not only the rich who take advantage of capital gains. Please put a stop to this today by deferring this ill advised bill.

The Economic Development & Technology Committee Report, dated Feb. 12, 2025, says in part, "Your Committee finds that eighty percent of all long-term capital gains in the State are earned by the wealthiest group of taxpayers, who have incomes greater than \$400,000, exacerbating the State's income inequality." The remaining 20% have a lower income. That being said, to protect the remaining 20% who use the capital gains to everyday expenses, and increase should apply only to those earning greater than \$400,000.

The federal government offers a lower rate for long-term capital gains. Hawaii should too.

HB-476-HD-1

Submitted on: 2/21/2025 2:17:41 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Caroline Azelski	Individual	Oppose	Written Testimony Only

Comments:

Any slight capital gains break (such as a lower long-term investment rate) I may get is the *ONLY* tax benefit I have besides the Standard Deduction.

After several years of submitting testimony for literally hundreds of bills that will help everyone but myself this really smarts. Excuse the harshness but poorer people get dozens of beneficial programs and homeowners get 'rich people welfare' of house-related tax deductions. As an in-betweener economically, I don't benefit from any of these and likely already pay more taxes than most of the people I know.

Lastly: Individuals and corporations in the same bill?? This is too all-encompassing. New bills can be submitted in future years for each of the tax categories specified.

Thank you for the opportunity to rant. This issue means a lot to me.

HB-476-HD-1

Submitted on: 2/21/2025 4:38:15 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nancy Monden	Individual	Oppose	Written Testimony Only

Comments:

Many local people are moving away due to cost of living. Increasing capital gains tax on estates and trust to 9 % will have an impact. Many local residents their home is where family lived for awhile. The family may not have money to pay the capital gains tax for the estate or trust.

Gov Green wants to looks to keep local people in Hawaii vs moving away. The increase to 9% is too high for an individual family and will cause hardship.

HB-476-HD-1

Submitted on: 2/21/2025 5:40:13 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Shkei-mau Correa	Individual	Oppose	Remotely Via Zoom

Comments:

Investors, homeowners, and businesses with capital gains will pay higher state taxes on their profits. This will inturn make business less incentivize to invest in hawaii compare to other states. Businesses do not operate in a fantasy land where taxing them somehow makes them less greedy. In reality, these tax increases will be passed on to consumers and will discourage investment. A capital gains or corporate tax increase is one of the worst decisions a state can make because it makes no economic sense. Punishing businesses for creating capital and reinvesting in growth only discourages innovation, expansion, and job creation. I do not want hawaii to turn into the next California. Studies have shown that higher capital gains taxes discourage investment, as they increase the cost of capital and reducing the return on investments. Look at Texas; where in 2010 to 2019, more than 25,000 establishments moved to Texas, bringing over 281,000 jobs. Notably, California was a major contributor <https://www.texastribune.org/2024/02/02/texas-relocating-businesses-jobs>

Hawaii should not follow in California's footsteps. Instead of raising capital gains taxes, which will only drive investment away, we should focus on driving investment in like Texas.

HB-476-HD-1

Submitted on: 2/21/2025 6:37:16 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Corinne Solomon	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB476.

Hawaii has one of the worst small business climates in America. Our income tax rate is one of the highest in the nation. It will take several years for last year's cut to take effect, and you are already trying to raise taxes in other ways.

You should be lowering taxes, not raising them.

HB-476-HD-1

Submitted on: 2/21/2025 7:19:07 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

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

Comments:

I oppose

No tax increases

Marlies Lee

HB-476-HD-1

Submitted on: 2/21/2025 7:42:40 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

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

Comments:

Nope, youre going to make it harder for businesses to thrive. You will lose business, jobs and residents. This is exactly how you price out people of Hawaii. This is a waste of tax payer money. Negative.

HB-476-HD-1

Submitted on: 2/21/2025 7:58:18 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
James K. Rzonca	Individual	Oppose	Written Testimony Only

Comments:

Hawaii politicians really have no shame. Seems to be the real goal of this state is to tax Hawaiians out of our home. Totally oppose this

HB-476-HD-1

Submitted on: 2/22/2025 8:33:23 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Cheryl Rzonca	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill. People of Hawaii are trying to get ahead and our government just continues to raise taxes and tax us on everything. This is another unnecessary tax hike.

HB-476-HD-1

Submitted on: 2/22/2025 12:16:25 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

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

Comments:

I oppose SB476

HB-476-HD-1

Submitted on: 2/22/2025 4:16:20 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Master Shelby "Pikachu" Billionaire	Kingdom of The Hawaiian Islands	Oppose	Remotely Via Zoom

Comments:

Dear Members of the Hawaii State Legislature,

I write in vehement opposition to H.B. No. 476, which raises the capital gains tax from 7.25% to 9% for individuals, estates, and trusts, and from 4% to 5% for corporations. This tax hike is an unacceptable burden on Hawaii’s residents and businesses, especially given the State’s well-documented history of corruption and mismanagement. Nobody wants to pay more to fund a government that can’t be trusted. Below are the facts proving this bill must be rejected:

- Taxpayers Already Overburdened:
 - Hawaii’s current 7.25% capital gains tax is the highest state rate in the U.S. (Tax Foundation, 2024), compared to the national average of 5.4%. Raising it to 9% would widen this gap, piling onto a 4.4% general excise tax—also among the nation’s steepest (DBEDT, 2023).
 - Residents face a cost of living 92% above the U.S. average (Council for Community and Economic Research, 2024), with median household income (\$83,000, U.S. Census 2023) barely keeping pace. A 24% tax increase (7.25% to 9%) on gains squeezes families and investors already stretched thin.
- Government Corruption Wastes Funds:
 - In 2023, Hawaii ranked 8th worst in the U.S. for public corruption convictions per capita (DOJ Public Integrity Section), with 12 officials indicted since 2020, including a \$2 million bribery scandal in Honolulu’s permitting office (Hawaii News Now, 2022).
 - The State Auditor’s 2023 report flagged \$350 million in “questionable” expenditures across agencies, yet H.B. 476 offers no accountability measures—just more money for a leaky system. Why should we trust this revenue won’t vanish into corrupt hands?
- Economic Damage Proven by Data:
 - States raising capital gains taxes see investment flight: California’s 13.3% rate drove a 15% drop in venture capital deals (NVCA, 2023), while Texas (0% rate) grew 20% in the same period. Hawaii, with \$1.8 billion in annual capital investments (DBEDT, 2024), risks losing 10-15%—or \$180-\$270 million—if this passes.
 - Small businesses, 99% of Hawaii’s firms (SBA, 2023), rely on capital gains for reinvestment. A 25% corporate tax hike (4% to 5%) could cut their growth funds

by \$50 million statewide (extrapolated from IRS data), killing jobs—7,000 were lost after the 2018 tax tweaks (BLS).

- Public Opposition is Overwhelming:
 - A 2024 Hawaii Poll found 68% of residents oppose tax increases, citing distrust in government (Honolulu Star-Advertiser). After the \$10 billion HART rail fiasco—\$4 billion over budget due to mismanagement (GAO, 2023)—81% said “no more taxes without reform.”
 - Nationally, 62% of Americans reject capital gains hikes when corruption is a factor (Pew Research, 2023). Hawaii’s people won’t stomach this—especially with no sunset clause or oversight in H.B. 476.
- No Justification, Just Greed:
 - The bill lacks a fiscal note or revenue goal—unlike S.B. 933’s clear \$5 million aim (2025 session). Hawaii’s \$10 billion general fund (DBF, FY 2024) grew 8% last year without this tax. Why the grab when 20% of 2023’s budget (\$2 billion) went unspent or misallocated (State Auditor)?
 - Corporate tax revenue already rose 12% (\$300 million) from 2022-2023 (TAX Dept.). A 5% rate isn’t “alternative”—it’s a cash cow for a government that lost \$1.5 million in a 2021 Medicaid fraud scheme (HHS-OIG).
- Call to Kill It:
 - This isn’t about funding needs—it’s about feeding a corrupt machine. Reject H.B. No. 476 outright. If revenue’s the goal, audit the \$350 million in waste first—don’t tax us for your failures. The 3000 effective date is a typo or a joke; either way, it’s dead on arrival.

I demand you vote no on this outrageous bill. Taxpayers won’t bankroll more corruption—fix the system before you dare ask for more. Mahalo for hearing me out; I expect your response and a commitment to stop this now.

Sincerely,

Master Shelby "Pikachu" Billionaire, HRM

Kingdom of The Hawaiian Islands H.I.

HB-476-HD-1

Submitted on: 2/22/2025 7:31:51 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Candace Vizcarra	Individual	Oppose	Written Testimony Only

Comments:

STOP WITH THE UNNECESSARY AND UNCONSTITUTIONAL TAXING!!!

THESE ARE ALL PURE EVIL!! GOD SEES AND KNOWS ALL!!

HB-476-HD-1

Submitted on: 2/22/2025 8:57:11 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lynn Murakami Akatsuka	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB 476, HD 1 and it be deferred this session. Hawai'i residents and businesses need a break from new taxes, tax increases, fees and surcharges.

As legislators, are you mindful that we have more and more local families leaving Hawai'i in the past years to more affordable states? The cost of living for residents and businesses are difficult already and to increase taxes is another factor that more will leave the islands.

This bill will contribute to a further exodus of Hawai'i residents, their families and businesses to permanently close or not expand their business to hire more workers. Please reduce taxes, fees, and surcharges; if we truly want to stop the population drain and support businesses to consider opening up in Hawai'i to build our economy.

Thank you for the opportunity to testify in strong opposition of HB 476, HD 1.

HB-476-HD-1

Submitted on: 2/22/2025 9:50:25 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Zac Nosugref	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill.

HB-476-HD-1

Submitted on: 2/22/2025 10:13:59 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Andrew Crossland	Individual	Oppose	Written Testimony Only

Comments:

As a committed citizen grounded in the belief that government should serve all people—not just the well-connected—I submit this testimony in strong opposition to HB476. This bill raises the capital gains tax to 9% for individuals, estates, and trusts, and 5% for corporations, a move that threatens Hawaii’s economic stability and fairness for working families. From a perspective rooted in prosperity for all, I urge you—Republicans and Democrats alike—to **VOTE NO**. Here’s why this bill fails our state.

This Tax Hike Hurts Working Families, Not Just the Rich

The stated intent may be to target high earners, but raising the capital gains tax from 7.25% to 9% for individuals hits more than Wall Street tycoons. Retirees depending on investment income, small business owners reinvesting profits, and middle-class families saving for college or a home will feel this pinch. Democrats, you’ve long championed the working class—why impose a tax that burdens seniors and small entrepreneurs already stretched thin by Hawaii’s high costs? This isn’t progressive; it’s regressive in disguise.

It Stifles Job Creation and Economic Growth

Increasing the corporate capital gains tax from 4% to 5% doesn’t just affect big corporations—it deters investment across the board. Businesses need capital to expand, hire, and raise wages. When we tax gains at higher rates, we shrink the pool of money available for those jobs—jobs Democrats fight to protect for union workers and underserved communities. Data backs this: after the 2017 federal tax cuts, U.S. unemployment dropped to 3.5% by 2019, with gains for minorities and low-income workers. Raising taxes now risks reversing that progress here in Hawaii.

It Undermines Fairness by Driving Investment Away

Democrats often push for equity, but this bill creates inequity between states. Hawaii’s new 9% and 5% rates will push investors to places like Texas (0% capital gains tax) or Nevada (no state income tax), where capital stays and grows. That exodus means less revenue for schools, healthcare, and infrastructure—priorities you care about. The Tax Foundation notes high-tax states lose taxable income over time; California saw \$17 billion in adjusted gross income leave in 2020 alone. Why set Hawaii up for the same fate?

It Ignores Proven Alternatives to Fund Our Needs

We all want better services, but hiking capital gains taxes isn't the only way. President Trump's tax plan showed that lowering rates can boost revenue through growth—federal receipts rose 10% from 2017 to 2019 despite cuts. Democrats, you've pushed for closing loopholes and taxing offshore wealth—why not target those instead of broadly punishing local investors? This bill takes the easy road, not the smart one, and risks shrinking the pie we all depend on.

It Betrays Our Shared Goal of Prosperity for All

Committee members, we may differ on politics, but we share a goal: a thriving Hawaii for everyone. This bill, with its 9% and 5% tax hikes, betrays that by choking investment, jobs, and fairness. Democrats, you've fought for economic justice—don't let this bill undo that by harming the very people you aim to lift up. **VOTE NO on HB476.** Reject this shortsighted tax grab and choose a path that grows our economy, not one that shrinks it. Hawaii deserves better—for all of us.

HB-476-HD-1

Submitted on: 2/23/2025 7:58:10 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
kamakani de dely	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill.

HB-476-HD-1

Submitted on: 2/23/2025 8:04:16 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Mallory De Dely	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill.

HB-476-HD-1

Submitted on: 2/23/2025 8:19:18 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Joelle Seashell	Individual	Oppose	Written Testimony Only

Comments:

We have no money left to give you folks. Your corruption an mismanagement has come to an end. Stop robbing the people, we are broke already.

HB-476-HD-1

Submitted on: 2/23/2025 8:23:57 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Meg Ganser	Individual	Oppose	Written Testimony Only

Comments:

I oppose this Bill continuing the heist of private property under the guise of state funding. continuing to raise taxes in any way is criminal, and you all know this.

Hewa.

disgusting.

HB-476-HD-1

Submitted on: 2/23/2025 8:33:46 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Terri Yoshinaga	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill.

HB-476-HD-1

Submitted on: 2/23/2025 8:54:40 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Ruben Ongos	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this bill!

HB-476-HD-1

Submitted on: 2/23/2025 9:40:24 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
L Miles	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose bill HB476. We are taxed enough already and you don't need to tax us even more.

Thank you.

HB-476-HD-1

Submitted on: 2/23/2025 9:51:46 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Noela von Wiegandt	Individual	Oppose	Remotely Via Zoom

Comments:

Aloha,

I oppose HB476 strongly. Thank you.

Noela von Wiegandt

HB-476-HD-1

Submitted on: 2/23/2025 10:05:31 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Ryan Willis	Individual	Oppose	Written Testimony Only

Comments:

I strongly Oppose

HB-476-HD-1

Submitted on: 2/23/2025 10:06:57 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Brian Aguigui	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose the passing of this bill. The proposition of this bill is a clear indication that our elected officials are more concerned at a lower tax percentage for corporations over individual citizens. If the percentages were at least equal, I stil would be reluctant to support the progress of this bill and I wouldn't have such a strong opinion. However, I think this is a move in the wrong direction and it should be halted.

I strongly oppose this bill.

HB-476-HD-1

Submitted on: 2/23/2025 10:25:20 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lesha Mathes	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill. People are struggling financially. This will stifle the economy and discourage investors.

HB-476-HD-1

Submitted on: 2/23/2025 11:24:55 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Reid Oya	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB476

HB-476-HD-1

Submitted on: 2/23/2025 1:19:27 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Dorinda Ohelo	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this bill. This would ounish investors and negatively impact the economy.

HB-476-HD-1

Submitted on: 2/23/2025 1:28:50 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Stanley Mendes	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB476

HB-476-HD-1

Submitted on: 2/23/2025 8:42:42 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Alice Abellanida	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill. Vote no.

HB-476-HD-1

Submitted on: 2/23/2025 9:07:28 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Tim Huycke	Individual	Support	Written Testimony Only

Comments:

I support HB476.

HB-476-HD-1

Submitted on: 2/23/2025 9:47:31 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Tiare Smith	Individual	Oppose	Written Testimony Only

Comments:

****Testimony in Opposition to HB476 – Relating to Capital Gains Tax****

Aloha Honorable Members of the House of Representatives,

I am writing to express my strong opposition to HB476, a bill that seeks to increase the capital gains tax rate for individuals, estates, and trusts from 7.25% to 9%, and the alternative capital gains tax for corporations from 4% to 5%. While I recognize the state’s need to generate revenue, this proposed tax increase would impose an undue burden on Hawaii’s residents, businesses, and economy, ultimately undermining the financial well-being of our communities and stifling economic growth. Below, I outline my concerns regarding this legislation.

First, raising the capital gains tax would disproportionately affect small business owners, retirees, and middle-class families who rely on investment income to build wealth and secure their financial futures. In a state with one of the highest costs of living in the nation, many Hawaii residents already struggle to make ends meet. Increasing the tax on capital gains—a key source of income for those who sell property, invest in businesses, or save for retirement—would erode their ability to plan for the future. For example, a homeowner selling a modest property after years of ownership could face a significantly higher tax bill, reducing the funds available for relocation, healthcare, or other critical needs.

Second, this tax hike risks deterring investment and economic development in Hawaii. Entrepreneurs and corporations play a vital role in creating jobs and driving innovation, yet the proposed increase in the corporate capital gains tax from 4% to 5% sends a discouraging signal to businesses considering expansion or relocation to our state. At a time when Hawaii’s economy is still recovering from the impacts of past challenges, such as the pandemic and inflation, we should be fostering an environment that attracts investment, not one that penalizes it. Higher taxes on capital gains could prompt investors to seek opportunities elsewhere, reducing the capital available for local projects and job creation.

Third, the cumulative effect of this tax increase, alongside Hawaii’s already high tax burden, could exacerbate outmigration. Families and businesses may feel pressured to leave the state in search of more favorable tax climates, a trend that has already strained our population and tax base. Retaining residents and encouraging economic participation should be a priority, and HB476 runs counter to that goal by adding yet another financial disincentive to staying in Hawaii.

Finally, while the bill's effective date of July 1, 3000, appears to render it symbolic or theoretical at this stage, its introduction signals a concerning appetite for higher taxes that could materialize sooner if left unchallenged. I urge the Legislature to reconsider this approach and explore alternative revenue strategies—such as improving tax compliance or incentivizing economic growth—that do not place additional pressure on Hawaii's hardworking individuals and businesses.

In conclusion, HB476's proposed capital gains tax increases would harm Hawaii's residents, stifle economic opportunity, and weaken our state's competitiveness. I respectfully request that you vote against this bill and prioritize policies that support financial stability and growth for all who call Hawaii home. Mahalo for your time and consideration.

Sincerely,

Tiare Smith

HB-476-HD-1

Submitted on: 2/24/2025 12:17:08 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
TERI SAVAIINAEA	Individual	Oppose	Written Testimony Only

Comments:

Chair Yamashita, Vice-Chair Takenpuchi and Committee Members,

I oppose HB476 HD1.

Kind regards,

Teri Kia Savaiinaea

District 45, Wai'anae resident

HB-476-HD-1

Submitted on: 2/24/2025 4:50:04 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Alika Valdez	Individual	Support	Written Testimony Only

Comments:

I support this bill.

HB-476-HD-1

Submitted on: 2/24/2025 9:03:15 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Deven English	Individual	Oppose	Written Testimony Only

Comments:

I am in strong opposition of this bill.

HB-476-HD-1

Submitted on: 2/24/2025 9:42:12 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Joy Dillon	Individual	Oppose	Written Testimony Only

Comments:

Aloha, Chair, Vice Chair and members of the Finance Committee.

I urge you to vote NO on this bill. Raising the capital gains tax will punish investors and depress our economy. There is strong opposition from your constituents regarding this bill. Please heed the will of the people and oppose this bill.

Thank you for your consideration,

Joy Dillon, Hilo resident

HB-476-HD-1

Submitted on: 2/24/2025 9:46:21 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lyle HIromoto	Individual	Oppose	Written Testimony Only

Comments:

This state is getting more expensive. I oppose.