
A BILL FOR AN ACT

RELATING TO THE REPEAL OF DEATH TAXES

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

1 SECTION 1. The legislature finds that any tax on death,
2 whether labeled an inheritance, estate, or transfer tax, is an
3 insult to the dignity of life and the right to private property.

4 Death taxes raise little money for the State. In the 2015-
5 2016 fiscal year, Hawaii's estate and transfer tax totaled only
6 \$49.6 million and accounted for just 0.7 percent of general fund
7 revenues. This was the most the estate and transfer tax raised
8 since its reinstatement in 2010. Death taxes' limited revenue-
9 generating ability is far outweighed by their negative impact on
10 the overall economic wellbeing of the citizens of Hawaii.

11 Death taxes create powerful disincentives that discourage
12 wealth-generating activities from which everyone in Hawaii
13 stands to benefit. After New Jersey's 2017 repeal, Hawaii is
14 one of only twelve states, plus the District of Columbia, to
15 impose an estate tax. Faced with the prospect of losing
16 thousands to millions of dollars in taxes upon death, aging
17 affluent people often divert liquid cash or capital away from



1 wealth-generating investments and enterprises in Hawaii to the
2 mainland, in order to avoid Hawaii's heavy death taxes. Local
3 families who have worked hard to build small businesses or farms
4 should not have to make this choice. Death taxes are an unjust
5 form of double taxation that discourages healthy economic growth
6 and further wealth creation in our State.

7 The legislature also finds that death taxes only marginally
8 affect long-term inequality. Instead, inequality is best
9 combatted by encouraging the creation of new wealth. Some of
10 the richest businesspeople in the world are self-made. Surveys
11 of those with over \$3 million in net worth found that about 70
12 percent received no inheritance or help from family.

13 The purpose of this bill is to repeal the excessive
14 taxation imposed on the transfer of property upon death.

15 SECTION 2. Chapter 236D, Hawaii Revised Statutes, is
16 repealed.

17 SECTION 3. Chapter 236E, Hawaii Revised Statutes, is
18 repealed.

19 SECTION 4. This Act shall take effect on July 1, 2019.

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H.B. NO. 1777

INTRODUCED BY:

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JAN 12 2018



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Report Title:

Inheritance and Estate Tax; Death Tax

Description:

Repeals the inheritance and estate taxes that act as a form of double taxation on individual tax payers.

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