

JAN 19 2018

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# A BILL FOR AN ACT

RELATING TO ESTATE TAXES.

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

1           SECTION 1. The legislature finds that the federal  
2 government has significantly raised the threshold for the  
3 federal estate tax. The federal estate tax had been imposed on  
4 decedents' estates valued at \$5,490,000 or greater per  
5 individual and \$10,980,000 per surviving spouse. Estates valued  
6 at less than these amounts are exempt from paying federal estate  
7 taxes. The recently enacted Public Law No. 115-97, originally  
8 introduced in Congress as the Tax Cuts and Jobs Act, doubles the  
9 threshold to \$11,200,000 and \$22,400,000, respectively, and will  
10 result in a reduction in federal estate tax revenues. According  
11 to Internal Revenue Service data, twenty-one estates in Hawaii  
12 paid a total of \$23,471,000 in federal estate taxes in 2015.

13           The legislature further finds that these changes to the  
14 federal estate tax provide the State with an opportunity to  
15 benefit Hawaii residents. By amending Hawaii's estate tax  
16 thresholds and rates, the State can capture some of the money



1 that certain residents will no longer be required to pay to the  
2 federal government and redirect that money to the State.

3 The legislature additionally finds that any additional  
4 estate tax revenue paid to the State can be used to pay for  
5 priorities that the federal government will no longer be able to  
6 support due to the significant reduction of estate tax revenues.

7 The purpose of this Act is to maintain the responsibility  
8 of Hawaii residents to pay a fair and equitable tax on large  
9 estates.

10 SECTION 2. Section 236E-6, Hawaii Revised Statutes, is  
11 amended by amending subsection (a) to read as follows:

12 "(a) An exclusion from a Hawaii taxable estate shall be  
13 allowed to the estate of every decedent against the tax imposed  
14 by section 236E-8. For the purpose of this section, the  
15 applicable exclusion amount is the same as the federal  
16 applicable exclusion amount, as amended by section 236E-8, the  
17 exemption equivalent of the unified credit reduced by the amount  
18 of taxable gifts made by the decedent that reduces the amount of  
19 the federal applicable exclusion amount, or the exemption  
20 equivalent of the unified credit on the decedent's federal



1 estate tax return, as set forth for the decedent in chapter 11  
2 of the Internal Revenue Code as further adjusted below:

- 3 (1) For residents, 100 per cent of the applicable  
4 exclusion amount;
- 5 (2) For nonresidents, an amount computed by multiplying  
6 the applicable exclusion amount by a fraction, the  
7 numerator of which is the value of the property in the  
8 State subject to tax under this chapter, and the  
9 denominator of which is the federal gross estate; and
- 10 (3) For nonresidents not citizens, an amount computed by  
11 multiplying the exemption equivalent of the unified  
12 credit by a fraction, the numerator of which is the  
13 value of the property in the State subject to tax  
14 under this chapter, and the denominator of which is  
15 the federal gross estate."

16 SECTION 3. Section 236E-8, Hawaii Revised Statutes, is  
17 amended by amending subsection (b) to read as follows:

18 "(b) With respect to the estates of decedents dying after  
19 January 25, 2012, the tax based on the Hawaii net taxable estate  
20 shall be as provided in the following schedule:

21 If the Hawaii net taxable



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1	estate is:	The tax shall be:
2	\$1,000,000 or less	10.0% of the Hawaii net
3		taxable estate
4		
5	Over \$1,000,000 but	\$100,000 plus 11.0% of the
6	not over \$2,000,000	amount by which the Hawaii
7		net taxable estate
8		exceeds \$1,000,000
9		
10	Over \$2,000,000 but	\$210,000 plus 12% of the
11	not over \$3,000,000	amount by which the Hawaii
12		net taxable estate
13		exceeds \$2,000,000
14		
15	Over \$3,000,000 but	\$330,000 plus 13% of the
16	not over \$4,000,000	amount by which the Hawaii
17		net taxable estate
18		exceeds \$3,000,000
19		
20	Over \$4,000,000 but	\$460,000 plus 14% of the
21	not over \$5,000,000	amount by which the Hawaii



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1 net taxable estate  
 2 exceeds \$4,000,000  
 3  
 4 Over \$5,000,000 but \$600,000 plus 15.7% of the  
 5 not over \$10,000,000 amount by which the Hawaii  
 6 net taxable estate  
 7 exceeds \$5,000,000[-]  
 8  
 9 Over \$10,000,000 \$1,200,000 plus 20% of the  
 10 amount by which the Hawaii  
 11 net taxable estate  
 12 exceeds \$10,000,000."

13 SECTION 4. Statutory material to be repealed is bracketed  
 14 and stricken. New statutory material is underscored.

15 SECTION 5. This Act shall take effect upon its approval  
 16 and shall apply to decedents dying or taxable transfers  
 17 occurring after December 31, 2017.

18  
 INTRODUCED BY: Kalene



# S.B. NO. 2484

**Report Title:**

Estate and Generation-Skipping Transfer Tax

**Description:**

Increases estate taxes for Hawaii net taxable estates valued at over \$10,000,000.

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

