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February 1, 2011

TESTIMONY ON HB 1447

**Wednesday, February 2, 2011, 2:05 p.m.
State Capitol, Conference Room 325**

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

TO: The Honorable Robert N. Herkes, Chair
The Honorable Ryan I. Yamane, Vice Chair
Members of the House Committee on Consumer Protection & Commerce

I am an attorney whose practice focuses in the area of trusts and estates, and testify in support of HB 1447. This bill amends the Permitted Transfer in Trust Act which governs transfers of property from a transferor to a trustee by means of an irrevocable trust instrument. The Act, which was passed last year, allows an individual to establish a Hawaii perpetual trust that would hold up to 25% of an individual's net worth.

After passage of the Act, I have found that provisions in the Act diminish the desirability of a trust established pursuant to the Act compared to trusts established under laws of, and administered in, other jurisdictions. HB 1477 amends the Act in the following manner so that Hawaii can be more competitive in attracting these trusts:

- Eliminating the 1% tax on assets transferred to the trust.
- Removing the 25% net worth limitation.
- Expanding the definition of "permitted property" to include all property – real and personal - in addition to the currently permissible cash and marketable securities.

I support these changes as they will allow Hawaii to compete with other states in this growing industry, which will lead to more jobs and inure to the overall economic health of the state.

Thank you for the opportunity to testify in support of this bill.

Gaye L. Chun Dickey

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TO: The Honorable Robert N. Herkes, Chair
The Honorable Ryan I. Yamane, Vice Chair
Members of the House Committee on Consumer Protection & Commerce

I am Stafford Kiguchi representing the Trust Division of Bank of Hawaii testifying in support of HB 1447. This bill amends the Permitted Transfer in Trust Act which governs transfers of property from a transferor to a trustee by means of an irrevocable trust instrument. The Act, which was passed last year, allows an individual to establish a Hawaii perpetual trust that would hold up to 25% of an individual's net worth.


We support the proposed amendments and technical changes which further clarify the definition of certain terms and make those terms consistent with the Code of Federal Regulations. Ultimately, these amendments will serve to make the Act more competitive with other markets.

Specific items included to enhance the Act include:

- Eliminating the 1% tax on assets, which other states do not impose.
- Removing the 25% net worth limitation, which is an arbitrary designation.
- Expanding the limited definition of "permitted property" to include all property – real and personal - in addition to the currently permissible cash and marketable securities.

Thank you for the opportunity to testify in support of this bill.

Sincerely,



Stafford Kiguchi
Executive Vice President
Bank of Hawaii
694-8580