
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 grants an exemption
4 of \$5,490,000 per individual and up to \$10,980,000 for a
5 surviving spouse; provided that the surviving spouse elects to
6 use portability of the predeceased spouse's exemption on the
7 predeceased spouse's estate tax return. Estates valued at less
8 than these amounts are exempt from paying federal estate taxes.
9 The recently enacted Public Law No. 115-97, originally
10 introduced in Congress as the Tax Cuts and Jobs Act, doubles the
11 threshold to approximately \$11,180,000 and \$22,360,000,
12 respectively, and will result in a reduction in federal estate
13 tax revenues. According to Internal Revenue Service data,
14 twenty-one estates in Hawaii paid a total of \$23,471,000 in
15 federal estate taxes in 2015.

16 The legislature further finds that these changes to the
17 federal estate tax provide the State with an opportunity to



1 benefit Hawaii residents. By amending Hawaii's estate tax
2 thresholds and rates, the State can capture some of the money
3 that certain residents will no longer be required to pay to the
4 federal government and redirect that money to the State.

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

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

12 SECTION 2. Section 236E-8, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

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

17	If the Hawaii net taxable	
18	estate is:	The tax shall be:
19	\$1,000,000 or less	10.0% of the Hawaii net
20		taxable estate

21



1 Over \$1,000,000 but \$100,000 plus 11.0% of the
2 not over \$2,000,000 amount by which the Hawaii
3 net taxable estate
4 exceeds \$1,000,000
5
6 Over \$2,000,000 but \$210,000 plus 12% of the
7 not over \$3,000,000 amount by which the Hawaii
8 net taxable estate
9 exceeds \$2,000,000
10
11 Over \$3,000,000 but \$330,000 plus 13% of the
12 not over \$4,000,000 amount by which the Hawaii
13 net taxable estate
14 exceeds \$3,000,000
15
16 Over \$4,000,000 but \$460,000 plus 14% of the
17 not over \$5,000,000 amount by which the Hawaii
18 net taxable estate
19 exceeds \$4,000,000
20
21 Over \$5,000,000 but \$600,000 plus 15.7% of the



Report Title:

Estate and Generation-Skipping Transfer Tax

Description:

Increases estate taxes for Hawaii net taxable estates valued at over \$10,000,000. (SD1)

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

