

JAN 26 2022

A BILL FOR AN ACT

RELATING TO A WEALTH ASSET TAX.

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

1 SECTION 1. The Hawaii Revised Statutes is amended by
2 adding a new chapter to be appropriately designated and to read
3 as follows:

4 "CHAPTER

5 WEALTH ASSET TAX

6 § -1 Definitions. As used in this chapter:

7 "Department" means the department of taxation.

8 "Director" means the director of taxation.

9 "Taxpayer" means a person subject to a tax imposed by this
10 chapter, including individuals, estates, and trusts.

11 § -2 Imposition of tax. There is hereby imposed and
12 shall be levied, collected, and paid, a tax on the activity of
13 sustaining excessive accumulations of wealth by every qualified
14 taxpayer.

15 § -3 Basis and rate; wealth asset tax. (a) The tax
16 imposed by section -2 shall be one per cent of the worldwide
17 net worth of each taxpayer in excess of:



(1) \$20,000,000 for a taxpayer who files a joint return
under section 235-93; or

(2) \$10,000,000 for every other taxpayer.

(b) A taxpayer's worldwide net worth shall be determined
pursuant to rules adopted by the department; provided that a
taxpayer's net worth shall include but not be limited to the
aggregate value of assets in the following categories:

(1) Stock in any publicly and privately traded
C-corporation;

(2) Stock in any S-corporation;

(3) Interests in any partnership;

(4) Interests in any private equity or hedge fund;

(5) Interests in any other noncorporate business;

(6) Bonds and interest-bearing savings accounts;

(7) Cash and deposits;

(8) Farm assets;

(9) Interest in mutual funds or index funds;

(10) Put and call options on securities;

(11) Futures contracts;

(12) Art and collectables;

(13) Financial assets held offshore;



1 (14) Pension funds;

2 (15) Debts other than mortgages or other liabilities

3 secured by real property; and

4 (16) Other assets;

5 provided further that interests in real property shall not be
6 included for the purposes of this subsection.

7 § -4 **Reporting and payment.** (a) Assets used to
8 determine worldwide net worth and that are reported pursuant to
9 section -3(b) shall be reported in a form and manner
10 specified by the director.

11 (b) The tax imposed by this chapter shall be reported
12 with, and payable at the same time as, taxes imposed pursuant to
13 chapter 235.

14 § -5 **Assets belonging to dependents.** For the purpose of
15 determining worldwide net worth and tax liability under this
16 chapter, any assets belonging to a person who can be claimed as
17 a dependent that are in excess of \$50,000 shall be deemed to be
18 assets of the taxpayer who can claim the person as a dependent.

19 § -6 **Valuation of assets.** Valuation or appraisal of
20 assets reported pursuant to section -3(b) shall be done in a



1 manner specified by the director in accordance with rules
2 adopted by the department.

3 § -7 **Forms.** The director shall prescribe forms to be
4 used in filing return and reports required by this chapter.

5 § -8 **Rules.** The department shall adopt rules in
6 accordance with chapter 91 to implement this chapter."

7 SECTION 2. This Act, upon its approval, shall apply to
8 taxable years beginning after December 31, 2021.

9

INTRODUCED BY:

Lyn DeCote



S.B. NO. 3182

Report Title:

Wealth Asset Tax; Wealth Tax; Department of Taxation

Description:

Establishes a wealth asset tax of one percent on all assets of a taxpayer except for interests in real property, in excess of \$20,000,000 for taxpayers filing joint returns, or \$10,000,000 for every other taxpayer.

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

