
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 236E-2, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By adding a new definition to be appropriately inserted
4 and to read:

5 ""Immediate family member" means a spouse, child, sibling,
6 parent, grandparent, grandchild, stepparent, stepchild,
7 stepsibling, or equivalent adoptive relationships."

8 2. By amending the definition of "transferred property" to
9 read:

10 ""Transferred property" means:

11 (1) With respect to a taxable transfer subject to the
12 federal estate tax, the deceased individual's gross
13 estate as defined in section 2031 of the Internal
14 Revenue Code;

15 (2) With respect to a taxable transfer occurring as a
16 result of a taxable termination as defined in section
17 2612(a) of the Internal Revenue Code, the taxable



1 amount determined under section 2622(a) of the
2 Internal Revenue Code;

3 (3) With respect to a taxable transfer occurring as a
4 result of a taxable distribution as defined in section
5 2612(b) of the Internal Revenue Code, the taxable
6 amount determined under section 2621(a) of the
7 Internal Revenue Code;

8 (4) With respect to a taxable transfer occurring as a
9 result of a direct skip, as defined in section 2612(c)
10 of the Internal Revenue Code, the taxable amount
11 determined under section 2623 of the Internal Revenue
12 Code; and

13 (5) With respect to an event which causes the imposition
14 of an additional federal estate tax under section
15 2032A(c) of the Internal Revenue Code, the qualified
16 real property that was disposed of or which ceased to
17 be used for the qualified use, within the meaning of
18 section 2032A(c)(1) of the Internal Revenue Code[-];
19 provided that, with respect to a transfer taxable under the
20 federal generation-skipping transfer tax, a transfer to any
21 immediate family member shall not be considered a distribution



1 to a skip person, as defined in section 2613 of the Internal
2 Revenue Code."

3 SECTION 2. Section 236E-7, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§236E-7 Hawaii taxable estate.** For the purposes of this
6 chapter, "Hawaii taxable estate" means:

7 (1) For residents, the federal taxable estate under
8 section 2051, et seq., of the Internal Revenue Code
9 ~~[but without regard for the]~~, except that:

10 (A) The deduction for state death taxes paid under
11 section 2058 of the Internal Revenue Code[+]
12 shall not be operative; and

13 (B) The marital deduction under section 2056 of the
14 Internal Revenue Code shall apply to the passage
15 of any interest in property to any immediate
16 family member;

17 (2) For nonresidents, the federal taxable estate under
18 section 2051, et seq., of the Internal Revenue Code,
19 ~~[but without regard for the]~~, except that:



1 (A) The deduction for state death taxes paid under
2 section 2058 of the Internal Revenue Code[7]
3 shall not be operative; and
4 (B) The marital deduction under section 2056 of the
5 Internal Revenue Code shall apply to the passage
6 of any interest in property to any immediate
7 family member,
8 multiplied by a fraction, the numerator of which is
9 the value of the property in the State subject to tax
10 under this chapter, and the denominator of which is
11 the federal gross estate; and
12 (3) For nonresidents not citizens, the federal taxable
13 estate determined under section 2106 of the Internal
14 Revenue Code, but without regard for the deduction for
15 state death taxes paid under section 2106(a)(4) of the
16 Internal Revenue Code, multiplied by a fraction, the
17 numerator of which is the value of the property with a
18 situs in the State subject to tax under this chapter,
19 and the denominator of which is the federal gross
20 estate."



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

3 "(b) The tax shall be the applicable generation-skipping
4 transfer tax rate multiplied by the taxable amount as determined
5 under chapter 13 of the Internal Revenue Code, multiplied by a
6 fraction, the numerator of which is the taxable transfer subject
7 to the tax under subsection (a) and the denominator of which is
8 the total amount of taxable transfers subject to the federal
9 generation-skipping transfer tax~~[-]~~; provided that, for the
10 purpose of determining the taxable amount of a transfer taxable
11 under the federal generation-skipping transfer tax, a transfer
12 to any immediate family member shall not be considered a
13 distribution to a skip person, as defined in section 2613 of the
14 Internal Revenue Code."

15 SECTION 4. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 3000, and
18 shall apply to decedents dying or taxable transfers occurring
19 after December 31, 2023.



Report Title:

Estate Tax; Generation-Skipping Transfer Tax; Marital Deduction;
Transferred Property; Taxable Amount; Immediate Family Members

Description:

Amends the definition of Hawaii taxable estate to provide that the marital deduction under section 2056 of the Internal Revenue Code shall apply to the passage of any interest in property to any immediate family member. Amends the state generation-skipping transfer tax law to provide that a transfer to any immediate family member shall not be considered a distribution to a skip person, as defined in section 2613 of the Internal Revenue Code. Effective 7/1/3000. (HD1)

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