

JAN 15 2025

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 state net
17 worth in excess of \$20,000,000 for each individual taxpayer who



1 holds more than \$20,000,000 in assets in the State; provided
2 that the individual taxpayer's net worth shall be based on the
3 individual's assets, not joint assets, and a married individual
4 shall file a separate return; provided further that if the
5 taxpayer pays a wealth asset tax on the same asset in a
6 different state, the amount paid to the other state shall be
7 subtracted from the state tax liability.

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

- 12 (1) Real Property;
- 13 (2) Stock in any publicly and privately traded
14 C-corporation;
- 15 (3) Stock in any S-corporation;
- 16 (4) Interests in any partnership;
- 17 (5) Interests in any private equity or hedge fund;
- 18 (6) Interests in any other noncorporate business;
- 19 (7) Bonds and interest-bearing savings accounts;
- 20 (8) Cash and deposits;
- 21 (9) Farm assets;



- 1 (10) Interest in mutual funds or index funds;
- 2 (11) Put and call options on securities;
- 3 (12) Futures contracts;
- 4 (13) Art and collectables;
- 5 (14) Financial assets held offshore;
- 6 (15) Pension funds;
- 7 (16) Debts owed to the taxpayer; and
- 8 (17) Other assets.

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

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

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

20 **§ -6 Valuation of assets.** Valuation or appraisal of
 21 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 returns 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. The department of taxation shall submit
8 proposed legislation suggesting the types of debts to be
9 considered in determining net worth, methods to be used for
10 valuation of assets, time periods for which valuation of assets
11 shall occur, methods for allocation and apportionment,
12 withholding requirements, reporting requirements, limitation
13 periods, and audit and assessment provisions for the wealth
14 asset tax established by this Act to the legislature no later
15 than forty days prior to the convening of the regular session of
16 2026.

17 SECTION 3. If any provision of this Act, or the
18 application thereof to any person or circumstance, is held
19 invalid, the invalidity does not affect other provisions or
20 applications of the Act that can be given effect without the



1 invalid provision or application, and to this end the provisions
2 of this Act are severable.

3 SECTION 4. This Act, upon its approval, shall apply to
4 taxable years beginning after December 31, 2025.

5

INTRODUCED BY: _____

Karl Rhoad



S.B. NO. 313

Report Title:

Department of Taxation; Wealth Asset Tax; Wealth Tax; State Net Worth

Description:

Establishes a wealth asset tax of one per cent of the state net worth of each individual taxpayer who holds \$20,000,000 or more in assets in the State.

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

