

Honolulu, Hawaii

FEB 12 2025

RE: S.B. No. 313
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 313 entitled:

"A BILL FOR AN ACT RELATING TO A WEALTH ASSET TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a wealth asset tax of one percent of the state net worth of each individual taxpayer who holds \$20,000,000 or more in assets in the State.

Your Committee received testimony in support of this measure from two individuals.

Your Committee received testimony in opposition to this measure from the Coalition to Save Hawaii's Family Businesses, Grassroot Institute of Hawaii, and two individuals.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that wealth inequality has a negative economic effect and has been found to lead to higher rates of health and societal problems, including increased obesity, mental illness, homicides, teenage births, incarceration, child conflict, and drug use. Additionally, research has found that societies with higher rates of wealth inequality have decreased rates of



life expectancy, educational performance, trust among strangers, and social mobility. Your Committee also finds that extremely wealthy individuals whose state assets exceed \$20,000,000 possibly are not contributing their fair share of taxes, thereby further increasing wealth inequality in the State. This category includes numerous wealthy non-residents who hold assets in the State, which increases real property values and places financial burdens on the residents of the State. Increasing taxes on individuals with many millions of dollars in assets will generate more revenue for the benefit of the State's economy and help to combat wealth inequality. This measure will ensure that individuals with \$20,000,000 or more in assets in the State pay their equitable share of taxes.

Your Committee notes the concerns of the Department of Taxation that, since the wealth asset tax established by this measure would be reported and paid on an annual basis with a taxpayer's income tax, the appraisal burden would also be imposed annually, even if the appraisal determines a taxpayer has no liability that year. Your Committee further notes that the Department of Taxation has raised concerns regarding the measure's proposed timeline. Specifically, the Department of Taxation has noted that submitting proposed legislation to the Legislature no later than forty days prior to the Regular Session of 2026 may leave an insufficient amount of time needed to implement steps necessary for the wealth tax that may only be addressed through legislation.

Accordingly, your Committee has amended this measure by:

- (1) Requiring the wealth asset tax established by this measure to be due once every three years;
- (2) Requiring the Department of Taxation to submit proposed legislation to the Legislature no later than forty days prior to the convening of the Regular Session of 2027, instead of the Regular Session of 2026;
- (3) Applying the wealth asset tax to taxable years beginning after December 31, 2029; and
- (4) Inserting an effective date of April 23, 2057, to encourage further discussion.



As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 313, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 313, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
 Committee on Judiciary
 JDC

Bill / Resolution No.:* SB 313	Committee Referral: JDC, WAM	Date: 1/30/25
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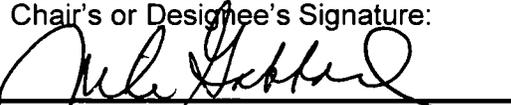
The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			
GABBARD, Mike (VC)	✓			
CHANG, Stanley		✓		
SAN BUENAVENTURA, Joy A.		✓		
AWA, Brenton	✓			
TOTAL	3	2	—	—

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes