HOUSE OF REPRESENTATIVES
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

H.B. NO. 2368

A BILL FOR AN ACT

RELATING TO TRUSTS.

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

SECTION 1. The legislature finds that for centuries, the rule against perpetuities existed to prevent the indefinite control of wealth by those long deceased; to ensure that property and capital ultimately return to the living; and to preserve fairness, accountability, and generational opportunity.

In 1992, Hawaii adopted the Uniform Statutory Rule Against Perpetuities, which replaced the traditional rule against perpetuities standard of "lives in being plus twenty-one years" with a flat ninety-year vesting period. This change, advanced nationally by professional estate-planning and wealth-management interests, quietly weakened the guardrails that prevented perpetual private wealth structures.

Subsequent developments – including extended trust durations, increasingly complex administrative provisions, and the adoption of self-settled asset-protection trusts – have effectively enabled the creation of modern dynasty trusts in Hawaii. These trusts allow private wealth to be held, controlled, and grown for a century or more, evading normal generational turnover, public obligations, and accountability.

The legislature further finds that when private wealth is locked in multigenerational structures for extended periods, it avoids taxation, avoids circulation, and compounds beyond the reach of ordinary families who must rebuild wealth each generation. This creates persistent and widening inequality that undermines social cohesion and public trust.

The legislature emphasizes that traditional family estate planning, charitable trusts, alii trusts, educational trusts, Native-serving trusts, and community foundations do not contribute to this issue and should remain unaffected.

The purpose of this Act is to restore the core democratic function of the rule against perpetuities — preventing wealth from becoming perpetual — by ensuring that private trusts serving private beneficiaries cannot exist indefinitely, cannot be used to shield settlors from their own obligations, and cannot perpetuate dynastic inequality across generations. Specifically, this Act:

(1) Reestablishes meaningful duration limits for new private, noncharitable trusts;

(2) Provides transparency for large private trusts whose scale or operations have systemic generational impact; and

(3) Reins in the use of self-settled trusts as multigenerational wealth shelters.

SECTION 2. Chapter 525, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"**§525- Duration limit for new private, noncharitable trusts.** (a) Notwithstanding section 525-1 or any other law to the contrary, a noncharitable trust created on or after January 1, 2027, shall not continue beyond fifty years from the date of its creation.

(b) Upon the expiration of the fifty-year limit, the trust shall:

(1) Distribute its assets outright to the beneficiaries;

(2) Transfer its assets to a successor entity, subject to all applicable taxes and without perpetuating the trust structure; or

(3) Liquidate its assets and distribute proceeds to the beneficiaries, subject to all applicable taxes.

(c) No extension of the duration of a trust by transferring assets to a new trust, modifying the trust's terms, or merging the trust with another trust shall be permitted if the extension would cause the trust to exceed the fifty-year limit.

(d) This section shall not apply to charitable trusts, alii trusts, Native-serving trusts, educational trusts, conservation trusts, employee benefit plans, or community foundations."

SECTION 3. Chapter 554, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"**§554- Transparency for large private trusts.** (a) Each large private trust shall file an annual confidential report with the department of commerce and consumer affairs that includes:

(1) The trust's total asset value;

(2) Categories of beneficiaries, including residency classifications;

(3) Duration provisions and termination triggers; and

(4) Aggregate distributions to nonresident beneficiaries.

(b) The department of commerce and consumer affairs shall publish an annual anonymized summary of aggregate data to provide public understanding of systemic wealth patterns.

(c) This section shall not apply to charitable trusts, alii trusts, Native-serving trusts, educational trusts, community foundations, or public-purpose trusts.

(d) For the purposes of this section, "large private trust" means any noncharitable trust that holds assets in excess of an amount to be determined by the department of commerce and consumer affairs by rule, based on thresholds relevant to systemic generational economic impact."

SECTION 4. Chapter 554G, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"**§554G- Limitations on permitted transfers in trusts; report.** (a) Notwithstanding any other law to the contrary, a permitted transfer in trust created on or after January 1, 2027, shall not:

(1) Operate to shield the transferor from tax obligations, court-ordered obligations, or legally enforceable debts owed to residents of the State;

(2) Provide for a duration exceeding fifty years from the date of creation if the settlor, settlor's spouse, or settlor's issue are beneficiaries; or

(3) Include provisions designed to extend the trust's duration beyond the fifty-year limit under paragraph (2) by transferring assets to a new trust, modifying the trust's terms, or similar mechanisms.

(b) Notwithstanding section 525-4(6), a trust described in subsection (a) shall not be exempt from the rule against perpetuities or from equitable remedies available under law; provided that the fifty-year duration limit in subsection (a)(2) and the prohibition on extensions in subsection (a)(3) shall apply to trusts if the settlor, settlor's spouse, or settlor's issue are beneficiaries.

(c) Trustees administering trusts described in this section shall file an annual confidential report with the department of commerce and consumer affairs that identifies:

(1) The trust's duration and termination provisions;

(2) Aggregate annual distributions categorized by resident and nonresident beneficiaries; and

(3) Any actions taken during the reporting period to transfer assets to a new trust or modify the trust's terms.

(d) Failure to comply with this section shall result in civil penalties not to exceed $25,000 per year and loss of the protections of this chapter.

(e) This section shall not apply to charitable trusts, alii trusts, Native-serving trusts, educational trusts, community foundations, employee benefit plans, or any other trust established for primarily public-benefit purposes."

SECTION 5. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 6. New statutory material is underscored.

SECTION 7. This Act shall take effect on January 1, 2027.

H.B. NO. 2368

INTRODUCED BY: ______________________

JAN 27 2026

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Report Title:
DCCA; Trusts; Duration; Transparency; Limitations

Description:
Establishes a fifty-year duration limit for new private, noncharitable trusts. Requires large private trusts to file annual reports with the Department of Commerce and Consumer Affairs. Imposes limitations and reporting requirements on permitted transfers in trusts.

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