
A BILL FOR AN ACT

RELATING TO NET INVESTMENT INCOME TAX.

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

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "S235- Net investment income tax. (a) In addition to
5 the taxes imposed by this chapter, on every individual, estate,
6 or trust, there is imposed a net investment income tax for each
7 taxable year equal to per cent of the lesser of either:
8 (1) The net investment income; or
9 (2) The federal modified adjusted gross income, less the
10 threshold amount.

11 (b) For an individual who is not a resident for the entire
12 taxable year, the tax under this section shall be calculated as
13 if the individual were a resident for the entire year, and that
14 amount shall be multiplied by a fraction in which:

15 (1) The numerator is the individual's net investment
16 income allocated to the State pursuant to section 235-
17 23; and



1 (2) The denominator is the individual's total amount of
2 net investment income for the taxable year.

3 (c) For an estate or trust, the tax under this section
4 shall be calculated by multiplying the net investment income tax
5 liability by a fraction in which:

6 (1) The numerator is the amount of the estate or trust's
7 net investment income allocated to the State pursuant
8 to section 235-23; and

9 (2) The denominator is the estate or trust's total net
10 investment income.

11 (d) For the purposes of this section:

12 "Federal modified adjusted gross income" has the same
13 meaning as in section 1411(d) of the Internal Revenue Code.

14 "Net investment income" has the same meaning as in section
15 1411(c) of the Internal Revenue Code. "Net investment income"
16 includes interest on obligations issued by state and local
17 governments other than the State and its subdivisions, net gain
18 excluded under section 1202 of the Internal Revenue Code, and
19 net gain excluded under section 1400Z-2 of the Internal Revenue
20 Code. "Net investment income" does not include interest on



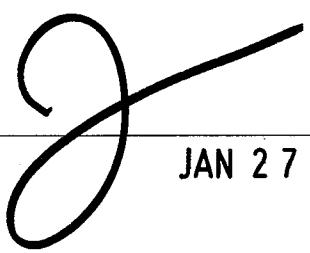
1 United States obligations that the State is prohibited from
2 taxing under federal law.

3 "Threshold amount" has the same meaning as in section
4 1411(b) of the Internal Revenue Code."

5 SECTION 2. New statutory material is underscored.

6 SECTION 3. This Act shall take effect upon its approval.

7

INTRODUCED BY: 

JAN 27 2026



H.B. NO. 2407

Report Title:

Taxation; Net Investment Income Tax

Description:

Establishes a net investment income tax.

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