

JAN 23 2026

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## A BILL FOR AN ACT

RELATING TO CAPITAL GAINS TAX.

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

1 SECTION 1. Section 235-51, Hawaii Revised Statutes, is  
2 amended by amending subsection (f) to read as follows:  
3 "(f) If a taxpayer has a net capital gain for any taxable  
4 year to which this subsection applies, then the tax imposed by  
5 this section shall not exceed the sum of:  
6 (1) The tax computed at the rates and in the same manner  
7 as if this subsection had not been enacted on the  
8 greater of:  
9 (A) The taxable income reduced by the amount of net  
10 capital gain, or  
11 (B) The amount of taxable income taxed at a rate  
12 below [7.25] nine per cent, plus  
13 (2) A tax of [7.25] nine per cent of the amount of taxable  
14 income in excess of the amount determined under  
15 paragraph (1).  
16 This subsection shall apply to individuals, estates, and  
17 trusts for taxable years beginning after December 31, 1986."



1 SECTION 2. Section 235-71.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 **"§235-71.5 Alternative tax for corporations.** Section 1201  
4 (with respect to alternative tax for corporations) of the  
5 Internal Revenue Code of 1986, as amended as of December 31,  
6 1996, shall be operative for the purposes of this chapter and  
7 shall be applied as set forth in this section. If for any  
8 taxable year a corporation, regulated investment company, or  
9 real estate investment trust has a net capital gain, then, in  
10 lieu of the tax imposed by section 235-71, there is hereby  
11 imposed a tax (if such tax is less than the tax imposed under  
12 section 235-71) which shall consist of the sum of:

13 (1) A tax computed on the taxable income reduced by the  
14 amount of the net capital gain, at the rates and in  
15 the manner as if this section had not been enacted,  
16 plus

17 (2) The sum of:

18 (A) 3.08 per cent of the lesser of:  
19 (i) The net capital gain determined by including  
20 only the gain or loss which is properly  
21 taken into account for the portion of the



10 SECTION 3. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

**12** SECTION 4. This Act shall take effect on July 1, 2026.

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INTRODUCED BY:

2026-0654 SB HMSO



# S.B. NO. 2587

**Report Title:**

Capital Gains Tax; Increase

**Description:**

Increases the capital gains tax rate for individuals, estates, and trusts to nine per cent. Increases the alternative capital gains tax for corporations to five per cent.

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

