

Honolulu, Hawaii

MAR 06 , 2026

RE: H.B. No. 2148
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Finance, to which was referred H.B. No. 2148 entitled:

"A BILL FOR AN ACT RELATING TO THE ESTATE AND GENERATION-SKIPPING TRANSFER TAX,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish an unrealized gains surcharge on certain property transfers subject to the estate and generation-skipping transfer tax; and
- (2) Lower the applicable exclusion amount allowed from a Hawaii taxable estate, except for certain types of properties within estates.

Your Committee received testimony in support of this measure from the Chamber of Sustainable Commerce and Hawai'i Children's Action Network Speaks!. Your Committee received testimony in opposition to this measure from the Libertarian Party of Hawaii; JN Group; Hawai'i Automobile Dealers Association; Grassroot Institute of Hawaii; and three individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.



Your Committee finds that Hawaii's estate and generation-skipping transfer tax framework has not kept pace with increasing asset values and growing wealth disparities, allowing substantial unrealized capital gains to pass untaxed at death. Under existing law, large appreciations in property value may avoid state taxation, limiting revenue available for critical public services and shifting a disproportionate share of the tax burden onto working families. This measure addresses these concerns by establishing a three percent unrealized gains surcharge on certain high-value transfers exceeding a \$2,000,000 gain threshold, while preserving protections for bona fide farms and small businesses that remain in family operation. Additionally, by modifying the applicable exclusion amount to better target estates that do not include an owner-occupied residence or bona fide farm, this measure promotes greater tax equity while safeguarding family homes and locally operated agricultural enterprises.

Your Committee has amended this measure by changing the effective date to July 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2148, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2148, H.D. 1, and be placed on the calendar for Third Reading.

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



CHRIS TODD, Chair



