



GOV. MSG. NO. 1144

EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

April 23, 2014

The Honorable Donna Mercado Kim,
President
and Members of the Senate
Twenty-Seventh State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on April 23, 2014, the following bill was signed into law:

SB2887 SD1

RELATING TO THE ESTATE AND GENERATION-
SKIPPING TRANSFER TAXES
ACT 044 (14)

Neil Abercrombie

NEIL ABERCROMBIE
Governor, State of Hawaii

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'14 APR 24 P5:04

EX-107

Approved by the Governor

on APR 23 2014

THE SENATE
TWENTY-SEVENTH LEGISLATURE, 2014
STATE OF HAWAII

ACT 044
S.B. NO. 2887
S.D. 1

A BILL FOR AN ACT

RELATING TO THE ESTATE AND GENERATION-SKIPPING TRANSFER TAXES.

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

1 SECTION 1. Act 220, Session Laws of Hawaii 2012, enacted
2 the Estate and Generation-Skipping Transfer Tax Reform Act,
3 designated as chapter 236E, Hawaii Revised Statutes, which
4 established the estate and generation-skipping transfer taxes
5 based on the valuations, deduction, and expenses allowed for
6 federal transfer tax purposes but with tax rates independent of
7 the federal transfer taxes. The purposes of this Act are to:

- 8 (1) Fulfill the requirement to make annual conforming
9 amendments to chapter 236E; and
10 (2) Amend the definition of "applicable exclusion amount"
11 to close a loophole that allows a decedent to
12 completely or substantially avoid the estate and
13 generation-skipping transfer taxes by gifting away
14 property prior to death, even on the eve of death.

15 SECTION 2. Section 236E-3, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"§236E-3 Conformance to the Internal Revenue Code;**
18 **general application.** For all decedents dying after January 25,



1 2012, as used in this chapter, "Internal Revenue Code" means
2 subtitle B of the federal Internal Revenue Code of 1986, as
3 amended as of [~~January 2, 2013,~~] December 31, 2013, as it
4 applies to the determination of gross estate, adjusted gross
5 estate, federal taxable estate, and generation-skipping
6 transfers, except those provisions of the Internal Revenue Code
7 and federal public laws that, pursuant to this chapter, do not
8 apply or are otherwise limited in application."

9 SECTION 3. Section 236E-6, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) An exclusion from a Hawaii taxable estate shall be
12 allowed to the estate of every decedent against the tax imposed
13 by section 236E-8. For the purpose of this section, the
14 applicable exclusion amount is the same as the federal
15 applicable exclusion amount, [~~or~~] the exemption equivalent of
16 the unified credit [~~, without reduction for taxable gifts,~~]
17 reduced by the amount of taxable gifts made by the decedent that
18 reduces the amount of the federal applicable exclusion amount,
19 or the exemption equivalent of the unified credit on the
20 decedent's federal estate tax return, as set forth for the
21 decedent in chapter 11 of the Internal Revenue Code as further
22 adjusted below:

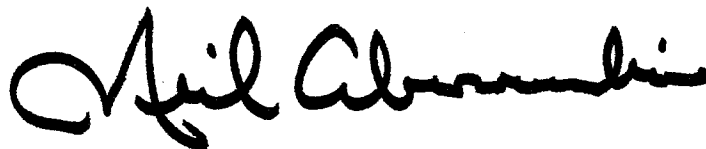


- 1 (1) For residents, 100 per cent of the applicable
- 2 exclusion amount;
- 3 (2) For nonresidents, an amount computed by multiplying
- 4 the applicable exclusion amount by a fraction, the
- 5 numerator of which is the value of the property in the
- 6 State subject to tax under this chapter, and the
- 7 denominator of which is the federal gross estate; and
- 8 (3) For nonresidents not citizens, an amount computed by
- 9 multiplying the exemption equivalent of the unified
- 10 credit by a fraction, the numerator of which is the
- 11 value of the property in the State subject to tax
- 12 under this chapter, and the denominator of which is
- 13 the federal gross estate."

14 SECTION 4. Statutory material to be repealed is bracketed
 15 and stricken. New statutory material is underscored.

16 SECTION 5. This Act shall take effect upon its approval
 17 and shall apply to decedents dying or taxable transfers
 18 occurring after December 31, 2013.

APPROVED this 23 day of APR, 2014



GOVERNOR OF THE STATE OF HAWAII