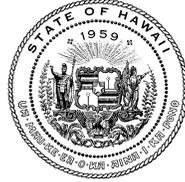


NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1510
FAX NO: (808) 587-1560

FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

July 15, 2011

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2011-14

RE: Act 161, Session Laws of Hawaii, Relating to the Permitted Transfers in Trust Act

On June 23, 2011, Governor Neil Abercrombie signed into law House Bill 1447 HD2, SD2 as Act 161, Session Laws of Hawaii 2011.

This Act takes effect on July 1, 2011, and amends provisions of the Permitted Transfers in Trust Act governing transfers of property from a transferor to a trustee by means of an irrevocable trust instrument.

The intent of the Permitted Transfers in Trust Act is to offer incentives to high net-worth individuals throughout the United States and the world to transfer a portion of their liquid net worth into this State for asset and trust management. As such, Act 161 amends the Permitted Transfers in Trust Act to allow for increased flexibility in the type and extent of assets that may be managed by Hawaii's private financial sector.

Act 161 expands the definition of "permitted property" to include real property, personal property, and interests in real or personal property. Previously, permitted property consisted only of cash, marketable securities, life insurance contracts, and non private annuities.

Act 161 also removes the twenty five percent net worth limitation on the transfer of permitted property to a trustee. Furthermore, this Act eliminates the one-time one percent excise tax on the fair market value of all permitted transfers. Accordingly, Form P-70, "Permitted Transfers in Trust Tax Return," will be made obsolete.

For more information on this Act, please contact the Technical Section at 808-587-1577 or by e-mail at Tax.Technical.Section@hawaii.gov.

A handwritten signature in cursive script that reads "Frederick D. Pablo".

FREDERICK D. PABLO
Director of Taxation