

Honolulu, Hawaii

FEB 28 , 2020

RE: H.B. No. 1776
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1776 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to extend the period in which a county may adopt a surcharge on state general excise and use taxes, under certain conditions, from March 31, 2019, to June 30, 2021.

Prior to decision making on this measure, your Committee made available for public review a proposed H.D. 1, which amends this measure by:

- (1) Moving back the start date that a county may levy a surcharge on state tax by six months to no earlier than July 1, 2021;
- (2) Adjusting the period in which the county has to adopt an ordinance to levy a surcharge on state tax from on or after March 31, 2019, to prior to December 31, 2020;
- (3) Expanding the allowable uses of the county surcharge on state tax established by an ordinance adopted prior to



January 1, 2020, to include certain affordable housing infrastructure; and

- (4) Limiting the allowable use of the county surcharge on state tax established by an ordinance adopted after December 31, 2019, to only certain affordable housing infrastructure.

Your Committee received testimony in support of the proposed H.D. 1 from the Maui County Council, two Maui County Council members, County of Maui Department of Transportation, and Maui Metropolitan Planning Organization Policy Board. Your Committee received comments on the proposed H.D. 1 from the Department of Taxation, Office of the Mayor of the County of Maui, County of Hawaii Office of the Mayor, Tax Foundation of Hawaii, and Maui Chamber of Commerce.

Your Committee finds that the proposed H.D. 1 provides another opportunity for a county that meets the requirements of the measure to adopt an ordinance to establish a county surcharge on state tax.

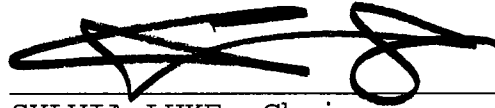
Your Committee further finds that the proposed H.D. 1 also gives counties that have already adopted a county surcharge on state tax ordinance the flexibility to use the surcharge revenues for affordable housing infrastructure to provide housing for households having incomes of no more than one hundred forty percent of the area median income, as determined by the United States Department of Housing and Urban Development.

Your Committee has amended this measure by adopting the proposed H.D. 1.

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. 1776, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1776, H.D. 1, and be placed on the calendar for Third Reading.



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

A handwritten signature in black ink, appearing to be 'Sylvia Luke', written over a horizontal line.

SYLVIA LUKE, Chair



