

STAND. COM. REP. NO.

528

Honolulu, Hawaii

FEB 19 , 2021

RE: H.B. No. 1146

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committees on Economic Development and Housing, to which was referred H.B. No. 1146 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Extend the period in which a county may adopt a surcharge on state tax, under certain conditions, from March 31, 2019, to December 31, 2021; and
- (2) Authorize the use of county surcharge revenues for affordable and workforce housing infrastructure.

Your Committees received testimony in support of this measure from the Mayor of the County of Maui. Your Committees received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and Maui Chamber of Commerce.

Your Committees find that the State is experiencing a severe shortage of affordable housing for local residents, particularly on the neighbor islands. This measure would provide more flexibility to counties with smaller populations in the use of revenues generated from their surcharges on the state general



excise tax and use tax for affordable and workforce housing infrastructure.

Your Committees have amended this measure by:

- (1) Clarifying that the county surcharge on state tax may not be levied prior to January 1, 2023, if the county surcharge on state tax was established by the adoption of an ordinance on or after March 31, 2019, but prior to December 31, 2021; and
- (2) Changing the effective date to January 1, 2055, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Economic Development and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1146, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1146, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Development and Housing,


NADINE K. NAKAMURA, Chair


SEAN QUINLAN, Chair



Record of Votes of the Committee on Economic Development

Bill/Resolution No.: HB 1146	Committee Referral: ECD/HSG, FIN	Date: 02-16-21		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. QUINLAN, Sean (C)				✓
2. HOLT, Daniel (VC)	✓			
3. BELATTI, Della Au	✓			
4. KOBAYASHI, Dale T.	✓			
5. ONISHI, Richard H.K.			✓	
6. SAYAMA, Jackson D.		✓		
7. TAKAYAMA, Gregg	✓			
8. OKIMOTO, Val	✓			
TOTAL (8)	5	1	1	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature:				
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