

STAND. COM. REP. NO.

584

Honolulu, Hawaii

FEB 19 , 2021

RE: H.B. No. 1314
H.D. 1

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

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 1314, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize each county to levy a county surcharge on transient accommodations tax if the county satisfies certain real property tax requirements;
- (2) Repeal the allocation of transient accommodations tax revenue to the counties and make conforming amendments;
- (3) Establish a Residential Property Owner Tax Credit and a Residential Circuit Breaker Tax Credit; and
- (4) Beginning with taxable years after December 31, 2021, gradually implement new individual income tax and corporation income tax brackets and rates in intervals.

Your Committee received testimony in opposition to this measure from the City and County of Honolulu, Kohala Coast Resort Association, Maui Chamber of Commerce, Hawai'i Budget & Policy Center, and one individual. Your Committee received comments on

2021-1901 HB1314 HD1 HSCR HMSO



this measure from the Department of Taxation, Department of the Attorney General, Mayor of the County of Kaua'i, and Tax Foundation of Hawaii.

Your Committee finds that due to the rising cost of living in Hawaii, it is critical that the State find ways to lessen the financial burden for local residents. This measure proposes a new solution to shift the tax burden in favor of residents by reimagining certain basic tenets of the State's tax code. Specifically, this measure over the next twelve years aims to be relatively revenue neutral from the standpoint of the State's tax base that is generated between real property taxes, transient accommodations taxes, and individual and corporation income taxes. In roughly over a decade, the revenues from those tax bases will be restructured by:

- (1) Shifting domain over transient accommodations taxes from the State to the counties;
- (2) Increasing real property tax rates, but with sizeable adjustments in deductions for resident age exemptions and for residents living in a primary residence;
- (3) Eliminating individual and corporation income taxes to zero by 2030; and
- (4) Providing tax credits to certain residents and residential landlords.

Over time, this measure provides more financial security and stability for residents, particularly the State's most vulnerable working class households.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1314, H.D. 1, and recommends that it be referred to your Committee on Finance.



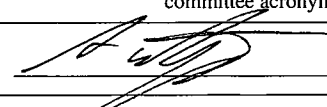
Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,


MARK M. NAKASHIMA, Chair

State of Hawaii
House of Representatives
The Thirty-first Legislature

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Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HB 1314 HD1	Committee Referral: ECD, JHA, FIN	Date: 2-17-21		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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)				
JHA Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	✓			
2. MATAYOSHI, Scot Z. (VC)	✓			
3. ICHIYAMA, Linda	✓			
4. KOBAYASHI, Dale T.	✓			
5. LoPRESTI, Matthew S.	✓			
6. LOWEN, Nicole E.				✓
7. McKELVEY, Angus L.K.	✓			
8. NAKAMURA, Nadine K.	✓			
9. TAKUMI, Roy M.				✓
10. TODD, Chris	✓			
11. TOKIOKA, James Kunane			✓	
12. WARD, Gene			✓	
TOTAL (12)	8	0	2	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				