

Honolulu, Hawaii

APR 23 , 2021

RE: H.B. No. 58
H.D. 1
S.D. 1
C.D. 1

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

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 58, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE FUNDS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to amend the estate and generation-skipping transfer tax, general excise tax, use tax, and conveyance tax.

Specifically, the measure:

- (1) Temporarily reallocates conveyance tax revenues for purposes of paying the principal and interest of general obligation bonds;



- (2) Authorizes the issuance of general obligation bonds to be appropriated into and out of the land conservation fund and rental housing revolving fund;
- (3) Changes the estate tax exclusion to \$3,500,000 for decedents dying or taxable transfers occurring after June 30, 2021;
- (4) From July 1, 2021, through June 30, 2023, temporarily suspends certain general excise and use tax exemptions;
- (5) Provides a grandfathering provision from the suspension of general excise and use tax exemptions;
- (6) Requires information reporting for all general excise and use tax exemptions and exclusions; and
- (7) Increases conveyance tax rates for the sale of properties valued at \$4,000,000 or greater.

Your Committee on Conference finds that the intent of this measure is to make the State's tax structure more equitable and to generate funds to support critical services.

Your Committee on Conference has amended this measure by:

- (1) Removing provisions that temporarily reallocate conveyance tax revenues for purposes of paying the principal and interest of general obligation bonds;
- (2) Removing provisions that authorize the issuance of general obligation bonds to be appropriated into and out of the land conservation fund and rental housing revolving fund;
- (3) Removing provisions that change the estate tax exclusion to \$3,500,000 for decedents dying or taxable transfers occurring after June 30, 2021;
- (4) Applying the suspension of general excise and use tax exemptions to the period beginning January 1, 2022, and ending December 31, 2023;
- (5) Removing from the list of suspended general excise tax exemptions:

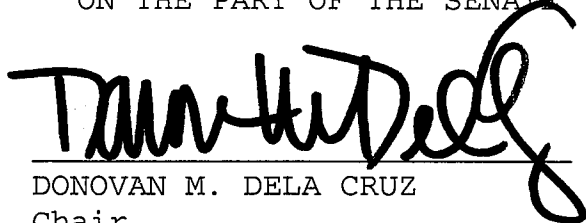


- (A) A general excise tax exemption related to high technology research and development grants;
 - (B) A general excise tax exemption related to the refining of petroleum products; and
 - (C) A general excise tax exemption related to shipbuilding and ship repairs;
- (6) Maintaining current conveyance tax rates for the sale of commercial properties; and
- (7) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 58, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 58, H.D. 1, S.D. 1, C.D. 1.

Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE


DONOVAN M. DELA CRUZ
Chair

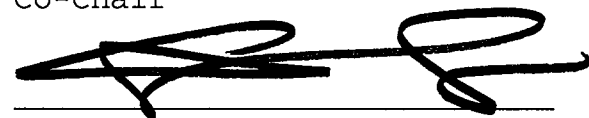
ON THE PART OF THE HOUSE


DAVID A. TARNAS
Co-Chair





NADINE K. NAKAMURA
Co-Chair


SYLVIA LUKE
Co-Chair



Hawaii State Legislature
Record of Votes of a
Conference Committee

CCR 172

Bill / Concurrent Resolution No.: HB 58, HD 1, SD 1	Date/Time: 4/22/2021 2:35 pm
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
DELA CRUZ, Donovan M., Chr.	/				TARNAS, David A., Co-Chr.	/			
KIDANI, Michelle N.	/				NAKAMURA, Nadine K., Co-Chr.	/			
MORIWAKI, Sharon Y.	/				LUKE, Sylvia, Co-Chr.	/			
WAKAI, Glenn	/				HASHIMOTO, Troy N.	/			
					MCDERMOTT, Bob				/
TOTAL	4				TOTAL	4			1

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is:
 Adopted Not Adopted

House Recommendation is:
 Adopted Not Adopted

Senate Lead Chair's or Designee's Signature:

House Lead Chair's or Designee's Signature:

Distribution: **Original** **Yellow** **Pink** **Goldenrod**
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