

STAND. COM. REP. NO. 1561

Honolulu, Hawaii

APR 09 2021

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

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

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 58, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to reallocate conveyance tax revenues to facilitate, among other things, the conservation of land and the development of rental housing in the State.

Specifically, the measure:

- (1) Temporarily reallocates conveyance tax revenues for purposes of paying the principal and interest of general obligation bonds; and
- (2) Authorizes the issuance of general obligation bonds to be appropriated into and out of the land conservation fund and rental housing revolving fund.

Prior to the hearing on this measure, your Committee prepared and made available for public review a proposed S.D. 1, which amends the H.D. 1 by:

- (1) Changing the estate tax exclusion to \$3,500,000;



- (2) Suspending numerous general excise tax and use tax exemptions;
- (3) Providing a grandfathering provision from the suspension of general excise and use tax exemptions;
- (4) Requiring information reporting for all general excise and use tax exemptions and exclusions; and
- (5) Amending the conveyance tax rates.

Your Committee received testimony in support of the proposed S.D. 1 from the Young Progressives Demanding Action, LGBT Caucus of the Democratic Party of Hawaii, PHOCUSED, Hawaii Children's Action Network Speaks!, Imua Alliance, Democratic Party of Hawaii Education Caucus, Americans for Democratic Action, Hawaii State Teachers Association, Hawaii Budget and Policy Center, and numerous individuals.

Your Committee received testimony in opposition to the proposed S.D. 1 from the Department of Business, Economic Development, and Tourism; Office of Economic Revitalization; Ke Ao Halii; Matson Navigation Company, Inc.; Aloha Vision Consultants; Hawaii Association of REALTORS; HPBS, Inc.; Hawaii Harbors Users Group; Young Brothers; Conservation Council for Hawaii; NAIOP Hawaii; Chamber of Commerce Hawaii; Livable Hawaii Kai Hui; and numerous individuals.

Your Committee received comments on the proposed S.D. 1 from the Department of Land and Natural Resources; Hawaii Housing Finance and Development Corporation; Hawaii Technology Development Corporation; Tax Foundation of Hawaii; Stanford Carr Development, LLC; Grassroot Institute of Hawaii; and two individuals.

Your Committee finds that this measure will help make the State's tax structure more equitable and will generate funds to support critical services.

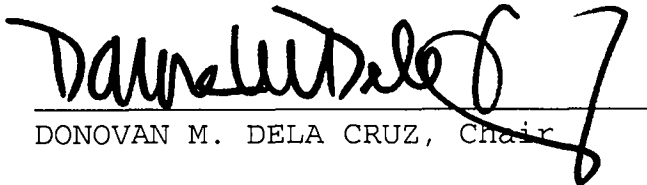


Your Committee has amended this measure by adopting the proposed S.D. 1 and further amending it by:

- (1) Removing two proposed general excise tax exemptions relating to the Enterprise Zone Program, as suggested in testimony from the Department of Business, Economic Development, and Tourism;
- (2) Removing four proposed general excise tax exemptions relating to interisland shipping, cargo, tugboat and towage services, and maritime-related services, as suggested in testimony from Matson Navigation Company, Inc.;
- (3) Making the amended exclusion amount of Hawaii's estate tax applicable for decedents dying or taxable transfers occurring after June 30, 2021; and
- (4) Changing the effective date to January 1, 2022.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 58, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 58, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



