

Honolulu, Hawaii

FEB 15 , 2022

RE: H.B. No. 1209
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 1209, 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 require the Department of Taxation, by January 1, 2026, to suspend and refund certain income tax amounts received or withheld upon the passage and ratification of a constitutional amendment authorizing the State to have real property taxing authority and the enactment of a state law specifying real property tax amounts.

Your Committee received testimony in opposition to this measure from Hawaii Children's Action Network Speaks!, League of Women Voters of Hawaii, Hawai'i Appleseed Center for Law and Economic Justice, Maui Chamber of Commerce, and eleven individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that Hawaii has the second highest income tax rates and the lowest real property tax rates in the nation. This tax structure results in the overall tax burden being placed on the residential workforce, while effectively subsidizing non-residents' real estate investments in Hawaii. This measure will suspend and refund by January 1, 2026, personal



and corporate income tax amounts received or withheld by the Department of Taxation upon the ratification of a constitutional amendment authorizing the State to tax real property and the enactment of state law specifying real property tax amounts to be levied and assessed.

Your Committee further finds that the intention of this measure is to eliminate personal and business income taxes and offset these tax revenue sources with real property taxes. Your Committee believes it is the intention of the Legislature to eventually double the homeowner and senior exemptions on real property taxes to lessen the overall tax burden on local residents. This measure is contingent upon the enactment of House Bill No. 1208, House Draft 2, Regular Session of 2022, and the ratification of an amendment to the Hawaii State Constitution that repeals the counties' exclusive authority for real property taxation.

Your Committee has amended this measure by:

- (1) Clarifying the intention of the measure; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 1209, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 1209, H.D. 2.

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

HSCR 384-22

Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HB1209, HD1	Committee Referral: ECD, JHA, FIN	Date: 2-8-22		
<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)				
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)	7	2	1	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				