STAND. COM. REP. NO. 2118

Honolulu, Hawaii

FEB 0 8 2022

RE: S.B. No. 3101 S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirty-First State Legislature Regular Session of 2022 State of Hawaii

Sir:

Your Committee on Hawaiian Affairs, to which was referred S.B. No. 3101 entitled:

"A BILL FOR AN ACT RELATING TO TAX EXEMPTION,"

begs leave to report as follows:

The purpose and intent of this measure is to exempt any homestead development for the Department of Hawaiian Home Lands from general excise taxes.

Your Committee received testimony in support of this measure from the Department of Hawaiian Home Lands; Department of Taxation; Dowling Company, Inc.; and one individual. Your Committee received testimony in opposition to this measure from the Center for Hawaiian Sovereignty Studies. Your Committee received comments on this measure from the Department of Budget and Finance, and Tax Foundation of Hawaii.

Your Committee finds that lands used by the Department of Hawaiian Home Lands to provide homesteads for native Hawaiians need to be offered at affordable rates when compared to similar developments in Hawaii. Therefore, this measure exempts any homestead development for the Department of Hawaiian Home Lands from general excise taxes.

Your Committee has amended this measure by:

- (1) Clarifying that the exempt homestead developments for native Hawaiians must be on Hawaiian home lands;
- (2) Adding a commensurate use tax exemption in section 238-3, Hawaii Revised Statutes;
- (3) Requiring the Department of Hawaiian Home Lands and the Department of Taxation to adopt administrative rules to implement the tax exemption; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3101, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3101, S.D. 1, and be referred to your Committee on Ways and Means.

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

MAILE S.L. SHIMABUKURO, Chair

2022-1370 SSCR SMA.doc



The Senate Thirty-First Legislature State of Hawaiʻi

Record of Votes Committee on Hawaiian Affairs HWN

Bill / Resolution No.:*	Committee Referral:			Date:		
58 3101	HWW, WAM			21112022		
The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:						
The Recommendation is:						
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313						
Members		Aye	Aye (W	R) N	Nay	Excused
SHIMABUKURO, Maile S.L. (C)		X				
KEOHOKALOLE, Jarrett (VC)		X				
ACASIO, Laura	X					
IHARA, Jr., Les						X
FEVELLA, Kurt			×			
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TOTAL		3	\			1
Recommendation: Adopted Not Adopted						
Chair's or Designee's Signature:						
Distribution: Original	Yellow Pink Goldenrod					
File with Committee Re	port Clerk	's Office [Drafting Age	ncy (Jommittee	File Copy

*Only one measure per Record of Votes