

STAND. COM. REP. NO. 3142

Honolulu, Hawaii

MAR 04 2022

RE: S.B. No. 3101
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 3101, S.D. 1, 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 promote the development of homesteads for Native Hawaiians.

Specifically, this measure exempts any homestead development for the Department of Hawaiian Home Lands from the general excise tax and use tax.

Your Committee received written comments in support of this measure from the Department of Hawaiian Home Lands; Department of Taxation; Dowling Company, Inc.; and two individuals.

Your Committee received written comments in opposition to this measure from the Center for Hawaiian Sovereignty Studies.

Your Committee received written comments on this measure from the Department of Budget and Finance and Tax Foundation of Hawaii.

Your Committee finds that lands utilized by the Department of Hawaiian Home Lands to provide homesteads for Native Hawaiians are offered at lower costs when compared to similar developments available in Hawaii. Your Committee also finds that the tax



exemption proposed in this measure could result in cost savings that would allow the Department of Hawaiian Home Lands to develop more homestead lots.

Your Committee has amended this measure by:

- (1) Correcting a reference to the Hawaiian Home Administration Account;
- (2) Providing rulemaking authority regarding the tax exemption to the Director of Taxation and the Department of Hawaiian Home Lands by statute, rather than session law;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee notes that the Department of Taxation requests that the measure be amended to become effective on January 1, 2023, in order to allow time to make necessary form, instruction, and computer system changes.

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 S.B. No. 3101, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3101, S.D. 2.

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


DONOVAN M. DELA CRUZ, Chair



