

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 1568
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committees on Housing and Public Safety and Intergovernmental and Military Affairs, to which was referred S.B. No. 1568 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Extend the period in which a county may adopt a surcharge on state tax, under certain conditions, from March 31, 2019, to December 31, 2023;
- (2) Authorize the use of county surcharge revenues for housing infrastructure; and
- (3) Temporarily authorize counties that have previously adopted a surcharge on state tax to amend the rates and uses of the surcharge.

Your Committees received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation, Office of the Mayor for the County of Maui, and one member of the Maui County Council. Your Committees received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.



Your Committees find that the cost of off-site infrastructure is a major barrier to the development of affordable housing statewide. Accordingly, this measure offers another source of funding for counties to pay for housing infrastructure. Additionally, according to testimony received by your Committees, this measure will also help offset some of the burden on the Dwelling Unit Revolving Fund, which is currently being depleted by the State's historical infrastructure obligations in Waiahole Valley and in the Villages of Kapolei. Your Committees further recognize the Department of Taxation's concerns regarding the time frame for implementation of this measure and find amendments to this measure are necessary to address these concerns.

Accordingly, your Committees have amended this measure by:

- (1) Inserting language to clarify that any change to the county surcharge rate shall not be effective prior to January 1, 2025; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Housing and Public Safety and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1568, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1568, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Housing and
Public Safety and
Intergovernmental and Military
Affairs,



GLENN WAKAI, Chair



STANLEY CHANG, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* SB 1568	Committee Referral: HOU/PSM, WAM	Date: 02/13/2023		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
AQUINO, Henry J.C.	✓			
RHOADS, Karl		✓		
AWA, Brenton			✓	
TOTAL	3	1	1	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

