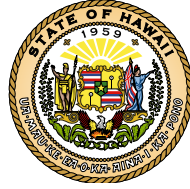


JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau

P.O. BOX 259

HONOLULU, HAWAII 96809

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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 1099, Relating to Taxation

BEFORE THE:

Senate Committee on Public Safety and Intergovernmental and Military Affairs

DATE: Friday, February 3, 2023
TIME: 3:00 p.m.
LOCATION: State Capitol, Room 225 & Videoconference

Chair Wakai, Vice-Chair Elefante and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding S.B. 1099 for your consideration.

S.B. 1099 extends the deadline for a county to adopt an ordinance to establish a general excise tax surcharge from March 31, 2021, to July 1, 2024. Furthermore, S.B. 1099 amends Section 238-2.6, HRS, by specifying that the county surcharge on state tax shall be levied no earlier than January 1, 2025, for ordinances adopted on or after March 31, 2021, but prior to July 1, 2024.

This measure is effective upon its approval.

The Department notes that, to date, Honolulu, Kauai, and Hawaii Counties have adopted a county surcharge. Thus, the extension to adopt a county surcharge will only affect Maui County.

The Department further notes that it will be able to implement this bill based on the January 1, 2025 effective date of any county surcharge that will be newly established.

Thank you for the opportunity to provide comments on this bill.

Council Chair
Alice L. Lee



Director of Council Services
Traci N. T. Fujita, Esq.


Councilmembers
Tom Cook
Gabe Johnson
Tasha Kama
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Yuki Lei K. Sugimura
Nohelani U'u-Hodgins

Deputy Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 1, 2023

TO: The Honorable Glenn Wakai, Chair
Senate Committee on Public Safety and Intergovernmental Military Affairs

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 3, 2023; TESTIMONY IN SUPPORT OF SB 1099, RELATING TO TAXATION**

Thank you for the opportunity to testify in **support** of this important measure. The purpose of this bill is to allow counties to adopt a surcharge on state tax, under certain conditions.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I support this measure for the following reasons:

1. Maui County is the *only* County in the State that currently is not receiving the benefits of the surcharge on state tax.
2. The surcharge would provide much-needed revenue for Maui to address its affordable housing crisis.
3. Maui County Council legislative efforts to establish a GET surcharge are underway in anticipation of this measure's enactment.

For the above reasons, I **support** this measure.

ocs:proj:legis:23legis:23testimony:sb1099_paf23-007(6)_jpp

RICHARD T. BISSEN, JR.
Mayor

KEKUHAUPIO R. AKANA
Acting Managing Director



OFFICE OF THE MAYOR
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

February 1, 2023

TO: Honorable Glenn Wakai, Chair
Honorable Brandon J.C. Elefante, Vice Chair
Senate Committee on Public Safety and Intergovernmental and Military Affairs

FROM: Richard T. Bissen, Jr., Mayor
Scott Teruya, Director of Finance

DATE: February 1, 2023

SUBJECT: SUPPORT OF SB 1099, RELATING TO TAXATION

Thank you for the opportunity to testify in **SUPPORT** of this important measure. The purpose of this measure is to extend the period in which a county may adopt a surcharge on state tax, and allow counties to use surcharge revenue for affordable and workforce housing infrastructure, including roadways, water, and sewer.

Our administration **SUPPORTS** this measure for the following reasons:

1. According to the Maui Real Estate Report, the median sale price for a single-family home in Maui County is \$1,092,500. A county surcharge on state tax will generate funding to increase capacity to support affordable and workforce housing infrastructure.
2. According to the United States Census, the median household income for a family in Maui County is \$88,249, however, according to the Living Wage Calculator, a living wage for a family of 4 in Maui County is \$118,043. Cost of living in Maui County often prevents residents from purchasing a home, so a county surcharge would support vital funding to providing affordable homeowner opportunities for residents.
3. As aging infrastructure remains an ongoing concern for the County of Maui, a county surcharge will provide funding to address upgrade and repairs to existing infrastructure.

For the foregoing reasons, we offer our **SUPPORT** of this measure.

Council Chair
Alice L. Lee



Director of Council Services
Traci N. T. Fujita, Esq.

Councilmembers
Tom Cook
Gabe Johnson
Tasha Kama
Tamara Paltin
Keani N.W. Rawlins-Fernandez
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February 2, 2023

TO: Honorable Glenn Wakai, Chair
Committee on Public Safety and Intergovernmental and Military Affairs

FROM: Yuki Lei Sugimura *Yuki Lei Sugimura*
Councilmember

DATE: February 2, 2023

SUBJECT: **SB 1099, RELATING TO TAXATION**

Thank you for the opportunity to testify in this important measure. The purpose of this measure is provide opportunity for counties to use surcharge revenues for housing infrastructure, including roadways, water, and sewer.

I SUPPORT this measure for the following reasons:

1. As a supporter of affordable housing this is as an opportunity to provide infrastructure for new potential developments in our county.
2. With this surcharge, counties do not need to solely rely on developers.

For the foregoing reasons, **I SUPPORT this measure.**

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, USE, Allow county revenues to be used for affordable and workforce housing infrastructure, including roadways, water, and sewer.

BILL NUMBER: SB 1099, HB 1479

INTRODUCED BY: SB by KEITH-AGARAN, KANUHA, MCKELVEY; HB by SAIKI

EXECUTIVE SUMMARY: Extends the period in which a county may adopt a surcharge on state tax, under certain conditions. Authorizes the use of the surcharge revenues for affordable and workforce housing infrastructure. Allows the counties to use surcharge revenues for housing infrastructure, including roadways, water, and sewer.

SYNOPSIS: Amends section 46-16.8(f), HRS, to allow county surcharge revenues to be used for:

Affordable and workforce housing infrastructure to provide housing for households having incomes of not more than one hundred forty per cent of the area median income, as determined by the United States Department of Housing and Urban Development; provided that a county that uses surcharge revenues for affordable housing shall not pass on related infrastructure costs to the developer of a housing project that sells or rents its housing units to households having incomes of not more than one hundred forty per cent of the area median income.

Requires that a county adopting a surcharge tax ordinance after December 31, 2022 (namely Maui) use the county surcharge moneys exclusively for housing infrastructure.

States that each county adopting a surcharge may use all or part of the money collected for housing infrastructure, including roadways, water, and sewer.

Amends section 237-8.6 and 238-2.6, HRS, to allow Maui a window between March 31, 2021, and July 1, 2024, to adopt a GET and Use Tax surcharge, and if adopted it would go into effect on or after January 1, 2025.

EFFECTIVE DATE: Upon Approval.

STAFF COMMENTS: The county surcharge on the General Excise Tax is used in the City & County of Honolulu to support its rail mass transit project. The law creating the county surcharge for the other counties allowed those counties to use the surcharge funds for transportation infrastructure. Housing costs do not appear to be transportation infrastructure. Thus, the proposed additional use of county surcharge revenue does not seem to be within the spirit of the law.

Digested: 2/1/2023

SB-1099

Submitted on: 1/30/2023 8:43:21 PM

Testimony for PSM on 2/3/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Gerard Silva	Individual	Oppose	Written Testimony Only

Comments:

We pay to much Taxes as it is and we the People Get very little Back!!!!