

Honolulu, Hawaii
FEB 16, 2024

RE: H.B. No. 2416
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committees on Housing and Tourism, to which was referred H.B. No. 2416 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Require the Director of Taxation to develop and administer a one-time tax amnesty program to waive criminal prosecution, fines, penalties, and interest related to general excise tax and transient accommodations tax for certain individuals;
- (2) Provide an income tax exemption for capital gains realized from the sale of certain short-term rental properties; and
- (3) Provide a conveyance tax exemption for certain real property furnished as a transient accommodation during the period from January 1, 2023, to June 30, 2024.

Your Committees received testimony in support of this measure from the Office of the Governor; Department of Taxation; and CARES. Your Committees received testimony in opposition to this



measure from one individual. Your Committees received comments on this measure from the Tax Foundation of Hawaii.

Your Committees find that the housing crisis continues to be one of the State's greatest challenges. Housing costs in Hawaii are among the most expensive in the nation and, compounded by the lack of affordable housing, this puts a heavy burden on low- and moderate-income households. Your Committees further find that in a tight housing market with high prices and barriers to creating new supply, removing supply from the long-term housing market could harm residents by raising costs. Your Committees believe that the State needs innovative solutions to address the housing crisis, such as transforming short-term rentals into long-term rentals by providing certain tax incentives, thereby increasing the housing supply.

Your Committees have amended this measure by:

- (1) Deleting language that would have:
 - (A) Required the Director of Taxation to develop and administer a one-time tax amnesty program; and
 - (B) Provided an income tax exemption for capital gains realized from the sale of certain short-term rental properties furnished as a transient accommodation;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Housing and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2416, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2416, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committees on Housing and
Tourism,



SEAN QUINN, Chair



LUKE A. EVSLIN, Chair

State of Hawaii
House of Representatives
The Thirty-second Legislature

HSCR 610-24

Record of Votes of the Committee on Tourism

Bill/Resolution No.: HB 2416	Committee Referral: HSG/TOU, FIN	Date: 02/09/2024		
<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)				
TOU Members	Ayes	Ayes (WR)	Nays	Excused
1. QUINLAN, Sean (C)	✓			
2. HUSSEY-BURDICK, Natalia (VC)	✓			
3. HOLT, Daniel	✓			
4. KONG, Sam Satoru				✓
5. LA CHICA, Trish				✓
6. LAMOSAO, Rachele F.	✓			
7. NAKAMURA, Nadine K.	✓			
8. PIERICK, Elijah	✓			
TOTAL (8)	6	0	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: <u>NAD</u>				
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