Honolulu, Hawaii

FEB 08 , 2023

RE: H.B. No. 337
H.D. 1 ,

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred H.B. No. 337 entitled:

"A BILL FOR AN ACT RELATING TO CAPITAL GAINS,"

begs leave to report as follows:

The purpose of this measure is to:

(1) Increase the capital gains tax threshold from 7.25 percent to nine percent; and

(2) Increase the alternative capital gains tax for corporations from four percent to five percent.

Your Committee received testimony in support of this measure from the Americans for Democratic Action, Hawaiʻi Health & Harm Reduction Center, and Our Revolution Hawaii. Your Committee received testimony in opposition to this measure from the Hawaiʻi Association of REALTORS, NAIOP Hawaii, and six individuals. Your Committee received comments on this measure from the Department of Taxation, Malama Kauaʻi, Hawaii Children's Action Network Speaks!, Hawaiʻi Alliance for Progressive Action, Democratic Party of Hawaiʻi Education Caucus, Imua Alliance, Grassroot Institute of Hawaii, Tax Foundation of Hawaii, Hawaii Appleseed Center for Law & Economic Justice, Hawaiʻi Workers Center, and five individuals.

Your Committee finds that Hawaii is one of only nine states that allow all capital gains, or the profits from the sale of capital assets, to be taxed at a lower rate than ordinary income. Your Committee further finds that increasing the capital gains tax rate and alternative capital gains tax for corporations will generate additional funds for the State that may be used to fund essential state priorities, including public education, affordable housing construction, mental health services, and public preschool programming.

Your Committee has amended this measure by:

(1) Changing its effective date to June 30, 3000, to encourage further discussion; and

(2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 337, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 337, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Economic Development,

DANIEL HOLT, Chair

State of Hawaii
House of Representatives
The Thirty-second Legislature

HSCR 169

Record of Votes of the Committee on Economic Development

Bill/Resolution No.:	Committee Referral:		Date:
HB337	ECD, FIN		2/3/2023

☑ The committee is reconsidering its previous decision on the measure.

The recommendation is to: ☐ Pass, unamended (as is)   ☑ Pass, with amendments (HD)   ☐ Hold
☐ Pass short form bill with HD to recommit for future public hearing (recommit)

ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. HOLT, Daniel (C)	/			
2. LAMOSAO, Rachele F. (VC)	/			
3. HUSSEY-BURDICK, Natalia				/
4. KONG, Sam Satoru	ǎX		/	
5. NAKAMURA, Nadine K.	/			
6. QUINLAN, Sean	/			
7. PIERICK, Elijah			/	
TOTAL (7)	4 5		ƒ X 2	1

The recommendation is: ☑ Adopted   ☐ Not Adopted

If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: _Rachele Lam_____

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