

Honolulu, Hawaii

FEB 14 2023

RE: S.B. No. 1353

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 Hawaiian Affairs and Housing, to which was referred S.B. No. 1353 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

beg leave to report as follows:

The purpose and intent of this measure is to exempt any development of homestead lots or housing for the Department of Hawaiian Home Lands from general excise and use taxes.

Your Committees received testimony in support of this measure from the Office of the Governor, Department of Hawaiian Home Lands, and one member of the Kaua'i County Council. Your Committees received comments on this measure from the Department of Budget and Finance and Department of Taxation.

Your Committees find that the Department of Hawaiian Home Lands was established by the Hawaiian Homes Commission Act of 1920, as amended, to protect and improve the lives of native Hawaiians. The Department of Hawaiian Home Lands serves to develop and administer public lands for homesteads and offers them for lease to native Hawaiian beneficiaries at rates considerably below market value. As such, the Department of Hawaiian Home Lands currently pays general excise taxes when developing affordable housing projects despite having no ability to recover these costs due to their below market leases. Your Committees find that this discrepancy has hampered the rate of affordable



housing development for beneficiaries. Therefore, this measure exempts any developments of homestead lots or housing for the Department of Hawaiian Home Lands from general excise and use taxes.


Your Committees have heard the testimony of the Department of Budget and Finance, noting that rulemaking authority for the joint promulgation of administrative rules by the Department of Hawaiian Home Lands and the Department of Taxation to implement the exemption should be added to this measure.

Therefore, your Committees have amended this measure by:

- (1) Providing that the Director of Taxation and the Department of Hawaiian Home Lands shall adopt rules pursuant to chapter 91, Hawaii Revised Statutes, relating to the general excise tax exemptions; 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 Hawaiian Affairs and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1353, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1353, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Hawaiian Affairs  
and Housing,



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STANLEY CHANG, Chair




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MAILE S.L. SHIMABUKURO, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i


**Record of Votes**  
**Committee on Hawaiian Affairs**  
**HWN**

Bill / Resolution No.:* <b>SB 1353</b>	Committee Referral: <b>HWN/HOU, WAM</b>	Date: <b>02/07/2023</b>		
<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
SHIMABUKURO, Maile S.L. (C)	/			
FEVELLA, Kurt (VC)		/		
IHARA, Jr., Les	/			
KEOHOKALOLE, Jarrett	/			
RICHARDS, III, Herbert M. "Tim"	/			
<b>TOTAL</b>	<b>4</b>	<b>1</b>	<b>-</b>	<b>-</b>
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

The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Housing**  
**HOU**

Bill / Resolution No.:* <b>SB 1353</b>	Committee Referral: <b>HWN/HOU, WAM</b>	Date: <b>02/07/2023</b>		
<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	✓			
<b>TOTAL</b>	<b>4</b>	<b>1</b>		
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy				

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