

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 34
S.D. 1

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

Sir:

Your Committee on Judiciary, to which was referred S.B.
No. 34 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the taxes withheld on the amount realized by nonresidents from the disposition of Hawaii residential real property from 7.25 percent to 75 percent, applicable to real estate dispositions that occur on or after 9/15/2023.

Your Committee received testimony in support of this measure from HOPE Services Hawai'i, Our Hawai'i, and one hundred eighty-seven individuals. Your Committee received testimony in opposition to this measure from Hawai'i REALTORS, Rental by Owner Awareness Association, and seven individuals. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, Grassroot Institute of Hawaii, and six individuals.

Prior to decision making on this measure, your Committee made available for public review a proposed S.D. 1 of this measure. The proposed S.D. 1 deletes the contents of the measure and inserts language to create a temporary income tax credit for taxpayers who sell real property to owner-occupants.



Your Committee received testimony in support of this measure from twenty-six individuals. Your Committee received testimony in opposition to this measure from NAIOP Hawaii and two individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the cost and lack of availability of housing is a significant concern to residents of the State. The State also has the highest cost of living, with the cost of housing being a major contributing factor. This measure will give a financial incentive for residents who sell property in the State and allow more housing to be owned by residents in the State.

Your Committee has amended this measure by adopting the proposed S.D. 1 and making a further amendment to insert an effective date of March 22, 2075, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 34, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 34, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,

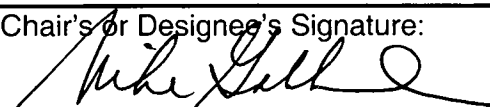


KARL RHOADS, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:* <i>MC</i> SB 34 PROP. SDI	Committee Referral: JDC, WAM	Date: 2/14/23		
<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
RHOADS, Karl (C)	✓			
GABBARD, Mike (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
SAN BUENAVENTURA, Joy A.				✓
AWA, Brenton	✓			
TOTAL	4	—	—	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