

Honolulu, Hawaii

APR 04 2025

RE: H.B. No. 1369
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1369, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to repeal certain credits, deductions, and exemptions under the income tax, general excise tax, and use tax laws.

Your Committee received testimony in opposition to this measure from Airlines for America; Alaska Airlines and Hawaiian Airlines; The Chamber of Commerce of Hawaii; Charter Communications; Chou Marine Chemist Service; Gather Federal Credit Union; Hawaii Farm Bureau; Hawaii Federal Credit Union; Hawaii Food Industry Association; Hawaii Gas; Hawaii Island Chamber of Commerce; Hawaii Marine Cleaning; Hawaii Military Affairs Council; Hawaii Renewable Fuels Coalition; Ko Hana Farms; Kohala Coast Resort Association; Local Food Coalition; Lokahi Federal Credit Union; Matson Navigation Company, Inc.; Maui Chamber of Commerce; Par Hawaii; Park Hotels and Resorts; Mauna Kea Resort; Pono Pacific; Prince Resorts Hawaii, Inc.; Ship Repair Association of Hawaii; Watanabe Floral, Inc.; and six individuals.

Your Committee received comments on this measure from the Department of Agriculture; Department of Business, Economic



Development, and Tourism; Department of Taxation; Hawaii State Energy Office; Hawaii Alliance of Nonprofit Organizations; Hawaii Aquaculture and Aquaponics Association; Hawaii Credit Union League; Hawaii Crop Improvement Association; Hawaii Farmers Union; Hawaii Harbors Users Group; Simonpietri Enterprises; and Tax Foundation of Hawaii.

Your Committee finds that certain tax credits, deductions, and exemptions under the income, general excise, and use tax laws contribute to losses of revenue to the State and should be examined periodically for their efficacy.

Your Committee further finds that the Department of Agriculture can certify the tax exemptions assigned to the Department through waybill and manifest records.

Your Committee has amended this measure by:

- (1) Deleting the language repealing sections 237-16.8, 237-24(14), 237-24.3(1), 237-25(3), and 237-28.1, Hawaii Revised Statutes, and amending those sections to remain operative until January 1, 2031;
- (2) Deleting the language repealing section 209E-11, Hawaii Revised Statutes, and amending the definition of "eligible business activity" under section 209E-2, Hawaii Revised Statutes, to include the manufacture or production of Hawaii-made or Hawaii-processed products that fulfill the requirements of section 486-119, Hawaii Revised Statutes;
- (3) Deleting the language repealing section 235-110.7, Hawaii Revised Statutes, and amending that section to apply only to agricultural equipment and manufacturing equipment;
- (4) Deleting the language repealing section 235-110.32, Hawaii Revised Statutes, and amending that section to include a requirement that a taxpayer use an unspecified percentage of feedstocks grown or produced in the State;
- (5) Deleting the language repealing sections 237-24.9 and 237-24.3(11), Hawaii Revised Statutes, and paragraphs



- (6) and (8) of the definition of "use" under section 238-1, Hawaii Revised Statutes, and amending those statutes to include a requirement that a taxpayer that engages in business as an airline shall:
- (A) Fulfill a quota for the purchase of fresh local agricultural products and local value-added, processed, agricultural, or food products; and
 - (B) Charge discounted rates for the transportation of agricultural products, including live products;
- (6) Deleting the language repealing section 237-27, Hawaii Revised Statutes, and amending that section to include a requirement that a taxpayer claiming the exemption also produce renewable fuels for the purpose of generating electricity; and
- (7) Making technical nonsubstantive amendments for the purposes of consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1369, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1369, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

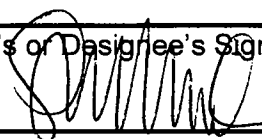
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB1369 HD1	Committee Referral: WAM	Date: 03 4/02/2025		
<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
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)		X		
AQUINO, Henry J.C.	X			
DECOITE, Lynn		X		
ELEFANTE, Brandon J.C.		X		
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.		X		
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.			X	
KIM, Donna Mercado		X		
LEE, Chris	X			
WAKAI, Glenn	X			
FEVELLA, Kurt		X		
		X		
TOTAL	6	6	1	0
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