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STATE OF HAWAII
DEPARTMENT OF TAXATION

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GARY S. SUGANUMA
DIRECTOR

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DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:
S.B. No. 1130, Relating to the General Excise Tax.

BEFORE THE:
Senate Committee on Public Safety and Military Affairs

DATE: Wednesday, January 29, 2025
TIME: 3:00 p.m.
LOCATION: State Capitol, Room 225

Chair Elefante, Vice-Chair Wakai, and Members of the Committee:

The Department of Taxation ("DOTAX") offers the following comments regarding S.B. 1130 for your consideration.

S.B. 1130 adds a new section to chapter 237, Hawaii Revised Statutes (HRS), establishing an exemption from the general excise tax (GET) for sales and gross proceeds from the sales of construction rebuilding materials for residential and commercial properties in federally declared disaster areas. This exemption would apply to any area in the State for which a federal disaster declaration has been made pursuant to federal law, provided that the disaster declaration existed as of August 8, 2023.

DOTAX requests that a third-party issue the certification for projects qualifying for the proposed exemption, like other construction-related exemptions that already exist for the GET. Third-party certification streamlines DOTAX's processing of exemption claims and provides assurance to businesses working on exempt projects as they work with customers to determine which revenues are exempt from tax.

The bill takes effect on July 1, 2025 and would be repealed on December 31, 2028. DOTAX requests that the effective date be amended to January 1, 2026 to allow for the

necessary form, instruction, and system changes needed for DOTAX to implement the exemption.

Thank you for the opportunity to provide comments on this measure.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exemption for Construction Rebuilding Materials in Federally Declared Disaster Areas

BILL NUMBER: SB 1130

INTRODUCED BY: MCKELVEY

EXECUTIVE SUMMARY: Exempts from the state general excise tax the sales and gross proceeds from sales of construction rebuilding materials for residential and commercial properties in federally declared disaster areas. Applies only to rebuilding materials purchased between 07/1/2025, and 12/31/2028.

SYNOPSIS: Adds a new section to chapter 237, HRS, providing an exemption for sales of construction rebuilding materials purchased for the rebuilding or reconstruction of residential or commercial properties located in federally declared disaster areas in this State that were sold and purchased between July 1, 2025, and December 31, 2028.

Provides that the exemption does not apply to (1) Construction materials used for new development or construction unrelated to rebuilding or reconstruction in federally declared disaster areas; or (2) Construction materials purchased for use outside of the State.

Defines “Construction rebuilding materials” as lumber, steel, concrete, roofing materials, plumbing fixtures, electrical systems, and other materials commonly used in residential or commercial construction.

Defines “Federally declared disaster area” as any area in the State for which a federal disaster declaration has been made pursuant to federal law as of August 8, 2023.

EFFECTIVE DATE: July 1, 2025.

STAFF COMMENTS: This bill establishes a period during which a sale of construction rebuilding materials interest will not be subject to general excise tax. It apparently is designed to assist with rebuilding efforts after the Maui wildfires. We wonder whether, and to what extent, the assistance here would duplicate other programs. The judgment that needs to be made is whether the benefit conveyed would be worth the cost to the public.

Digested: 1/24/2025



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

THIRTY-THIRD LEGISLATURE, 2025, Seante Committee on Public Safety and Military Affairs

HEARING DATE: Wednesday, January 29, 2025

TIME: 3:00 p.m.

PLACE: Senate Committee Room 225

RE: Senate Bill 1130- SUPPORT

Aloha Honorable Chair Elefante, Vice-Chair Wakai, and Committee Members;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) would like to offer the following testimony in SUPPORT of Senate Bill 1130.

IBEW Local 1260, is comprised of approximately 3,000 members throughout Hawaii and Guam and consists of a diverse and highly-skilled workforce that supports the electric utility infrastructure across our state as well as government service contracts and broadcasting. It's our duty to serve and to protect the well-being of our members, but beyond that, it is incumbent upon all of us to serve and protect the well-being of our island home.

SB1130 proposes to exempt from the state general excise tax (GET), sales and gross proceeds from sales of construction rebuilding materials for residential and commercial construction in areas that have been declared a federal disaster area for a specific period of time.

The general excise tax is vital to Hawaii's socio-economic stability. Actions to provide exemptions should be fully scrutinized to ensure an overall benefit to the community. IBEW Local 1260 supports this measure as it provides a pathway to expedite and minimize the cost of rebuilding areas affected by the recent Maui wildfires and provide much-needed relief to those impacted.

Mahalo for the opportunity to testify.



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
JANUARY 29, 2025
SB 1130 RELATING TO THE GENERAL EXCISE TAX**

Good afternoon, Chair Elefante and members of the Senate Committee on Public Safety and Military Affairs. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901 and is a statewide, not for profit trade organization committed to supporting the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, on-line sellers, local, national, and international retailers, chains, and everyone in between.

We strongly support SB 1130. This measure exempts from the state general excise tax the sales and gross proceeds from sales of construction rebuilding materials for residential and commercial properties in federally declared disaster areas; and applies only to rebuilding materials purchased between 07/1/2025, and 12/31/2028.

This measure is a necessary and compassionate response to the challenges faced by individuals, families, and businesses recovering from devastating disasters. The proposed exemption would provide crucial relief by reducing the financial strain on disaster victims. Families and business owners in federally declared disaster areas often face significant financial hardships as they work to rebuild their homes and livelihoods. Exempting the GET on construction materials directly lowers the cost of rebuilding, offering meaningful support to those in need.

It may also accelerate recovery and rebuilding efforts by lowering the cost of construction materials incentivizes and facilitates faster rebuilding efforts, helping communities recover more quickly and restoring economic stability to disaster-affected areas.

In addition, the GET exemption encourages economic activity. By reducing costs, this exemption supports local contractors, suppliers, and retailers who play a critical role in disaster recovery. Stimulating these industries strengthens local economies and creates jobs during the rebuilding process.

Furthermore, it demonstrates commitment to community resilience. This policy reflects the state's commitment to supporting its residents and businesses during their most vulnerable moments. Providing targeted tax relief reinforces trust in government and ensures equitable recovery for all affected parties.

However, this measure does not contain a lot of specifics, especially how retailers are to determine if the purchase is eligible for the exemption. Colorado recently passed a similar law where a rebate was administered by their Department of Revenue. This may be a solution to have the Department of Taxation issue a rebate to have a clear process for customers and retailers. See attached.

This measure provides much-needed financial relief to disaster-affected individuals and businesses. By exempting construction rebuilding materials from the GET in federally declared disaster areas, the state demonstrates leadership, compassion, and a commitment to rebuilding stronger, more resilient communities.

Mahalo again for this opportunity to testify.

An Act

HOUSE BILL 23-1240

BY REPRESENTATIVE(S) Brown and Amabile, Bacon, Bird, Boesenecker, Dickson, Duran, Hamrick, Joseph, Kipp, Lieder, Lindstedt, Marshall, McCormick, Michaelson Jenet, Snyder, Story, Titone, Vigil, Weissman, Woodrow, English, Froelich, Garcia, Lindsay, McLachlan, Velasco, McCluskie;
also SENATOR(S) Fenberg, Bridges, Buckner, Coleman, Cutter, Exum, Fields, Ginal, Gonzales, Hansen, Hinrichsen, Jaquez Lewis, Kolker, Marchman, Moreno, Mullica, Priola, Roberts, Winter F., Zenzinger.

CONCERNING A SALES AND USE TAX EXEMPTION FOR CONSTRUCTION AND BUILDING MATERIALS USED FOR REPAIRING AND REBUILDING RESIDENTIAL STRUCTURES DAMAGED OR DESTROYED BY A DECLARED WILDFIRE DISASTER IN 2020, 2021, OR 2022, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, add 39-26-734 as follows:

39-26-734. Rebuilding from declared wildfire disaster - tax preference performance statement - legislative declaration - definitions

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

- **repeal.** (1) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

(a) THE GENERAL LEGISLATIVE PURPOSE OF THE EXEMPTION ALLOWED BY THIS SECTION IS TO PROVIDE TAX RELIEF FOR CERTAIN INDIVIDUALS;

(b) THE SPECIFIC LEGISLATIVE PURPOSE OF THE EXEMPTION ALLOWED BY THIS SECTION IS TO PROVIDE FINANCIAL RELIEF TO COLORADANS RECOVERING AND REBUILDING FROM DECLARED WILDFIRE DISASTERS; AND

(c) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE EFFECTIVENESS OF THE EXEMPTION ALLOWED BY THIS SECTION BASED ON THE NUMBER OF WILDFIRE EXEMPTION CERTIFICATES ISSUED PURSUANT TO SUBSECTION (5) OF THIS SECTION, THE NUMBER AND AMOUNT OF ALL REFUND CLAIMS ALLOWED PURSUANT TO THIS SECTION, AND AN ESTIMATE BY THE STATE AUDITOR OF THE PROPORTION OF HOMEOWNERS AFFECTED BY DECLARED WILDFIRE DISASTERS WHO BENEFITTED FROM THE EXEMPTION IN THE REBUILDING OR REPAIRING OF THEIR HOMES.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "BUILDING PERMIT" MEANS THE DOCUMENT OR DOCUMENTS ISSUED BY A LOCAL GOVERNMENT TO A QUALIFIED HOMEOWNER SHOWING THE ESTIMATED AMOUNT OF USE TAX COLLECTED, IF ANY, IN CONNECTION WITH REBUILDING OR REPAIRING THE QUALIFIED HOMEOWNER'S QUALIFIED RESIDENTIAL STRUCTURE.

(b) "DECLARED WILDFIRE DISASTER" MEANS A WILDFIRE THAT WAS DECLARED A DISASTER EMERGENCY BY THE GOVERNOR PURSUANT TO SECTION 24-33.5-704 (4) ON OR AFTER JANUARY 1, 2020, BUT BEFORE JANUARY 1, 2023.

(c) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

(d) "ESTIMATED CONSTRUCTION AND BUILDING MATERIALS COST" MEANS THE COST AMOUNT USED BY THE LOCAL GOVERNMENT TO COLLECT ESTIMATED USE TAX IN CONNECTION WITH THE ISSUANCE OF A BUILDING PERMIT. IF NO ESTIMATED USE TAX HAS BEEN COLLECTED, "ESTIMATED CONSTRUCTION AND BUILDING MATERIALS COST" MEANS HALF OF THE TOTAL CONTRACT PRICE OR TOTAL COST FOR REBUILDING OR REPAIRING A QUALIFIED RESIDENTIAL STRUCTURE.

(e) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE.

(f) "LOCAL GOVERNMENT" MEANS A COUNTY, CITY AND COUNTY, OR MUNICIPALITY.

(g) "QUALIFIED HOMEOWNER" MEANS A HOMEOWNER THAT IS REBUILDING OR REPAIRING OR HAS EMPLOYED A CONTRACTOR TO REBUILD OR REPAIR A QUALIFIED RESIDENTIAL STRUCTURE THAT THE HOMEOWNER OWNED AT THE TIME OF A DECLARED WILDFIRE DISASTER.

(h) "QUALIFIED RESIDENTIAL STRUCTURE" MEANS A RESIDENTIAL STRUCTURE THAT WAS DAMAGED OR DESTROYED BY A DECLARED WILDFIRE DISASTER.

(i) "WILDFIRE REBUILD EXEMPTION CERTIFICATE" MEANS A WRITTEN CERTIFICATION PROVIDED BY A LOCAL GOVERNMENT TO A QUALIFIED HOMEOWNER THAT CERTIFIES THAT ONE OR MORE BUILDING PERMITS SPECIFICALLY IDENTIFIED THEREIN HAVE BEEN ISSUED TO THE QUALIFIED HOMEOWNER FOR REBUILDING OR REPAIRING A QUALIFIED RESIDENTIAL STRUCTURE.

(3) (a) THE SALE, STORAGE, USE, OR CONSUMPTION OF CONSTRUCTION AND BUILDING MATERIALS USED DIRECTLY IN REBUILDING OR REPAIRING A QUALIFIED HOMEOWNER'S QUALIFIED RESIDENTIAL STRUCTURE IS EXEMPT FROM TAXATION UNDER PARTS 1 AND 2 OF THIS ARTICLE 26 AS SET FORTH IN THIS SECTION.

(b) THE EXEMPTION CREATED IN SUBSECTION (3)(a) OF THIS SECTION SHALL BE ADMINISTERED SOLELY AS A REFUND ALLOWED TO QUALIFIED HOMEOWNERS TO BE APPLIED FOR IN ACCORDANCE WITH THIS SECTION AND SECTION 39-26-703. NO RETAILER MAY EXEMPT ANY SALE PURSUANT TO

THIS SECTION.

(c) THE EXEMPTION CREATED IN SUBSECTION (3)(a) OF THIS SECTION APPLIES ONLY TO THE STATE SALES AND USE TAXES LEVIED PURSUANT TO THIS ARTICLE 26. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE EXEMPTION SHALL NOT APPLY TO THE SALES OR USE TAXES LEVIED BY ANY LOCAL GOVERNMENT, INCLUDING ANY CITY, TOWN, COUNTY, SPECIAL PURPOSE DISTRICT, OR LIMITED PURPOSE GOVERNMENTAL ENTITY; EXCEPT THAT THIS SUBSECTION (3)(c) DOES NOT APPLY TO THE REGIONAL TRANSPORTATION DISTRICT ESTABLISHED BY ARTICLE 9 OF TITLE 32 OR THE SCIENTIFIC AND CULTURAL FACILITIES DISTRICT ESTABLISHED BY ARTICLE 13 OF TITLE 32.

(4) (a) A QUALIFIED HOMEOWNER MAY CLAIM A REFUND ALLOWED PURSUANT TO SUBSECTION (3) OF THIS SECTION FOR EACH QUALIFIED RESIDENTIAL STRUCTURE FOR WHICH THE QUALIFIED HOMEOWNER OBTAINS A BUILDING PERMIT AND A WILDFIRE REBUILD EXEMPTION CERTIFICATE ISSUED BY A LOCAL GOVERNMENT IN ACCORDANCE WITH SUBSECTION (5) OF THIS SECTION.

(b) THE AMOUNT OF A REFUND CLAIMED PURSUANT TO THIS SECTION SHALL BE EQUAL TO FOUR PERCENT OF THE ESTIMATED CONSTRUCTION AND BUILDING MATERIALS COST FOR REPAIRING OR REBUILDING THE QUALIFIED RESIDENTIAL STRUCTURE THAT IS THE SUBJECT OF THE BUILDING PERMIT AND WILDFIRE REBUILD EXEMPTION CERTIFICATE.

(c) A QUALIFIED HOMEOWNER MUST SUBMIT A CLAIM FOR REFUND ON THE FORM AND IN THE MANNER PRESCRIBED BY THE EXECUTIVE DIRECTOR. THE CLAIM FOR REFUND MUST INCLUDE THE WILDFIRE REBUILD EXEMPTION CERTIFICATE ISSUED IN ACCORDANCE WITH SUBSECTION (5) OF THIS SECTION AND A TRUE AND CORRECT COPY OF EACH BUILDING PERMIT IDENTIFIED IN THE WILDFIRE REBUILD EXEMPTION CERTIFICATE.

(d) THE THREE-YEAR APPLICATION DEADLINE IN SECTION 39-26-703 (2)(d) FOR A SALES TAX REFUND OR REFUND OF ANY USE TAX COLLECTED BY A VENDOR DOES NOT APPLY TO A CLAIM FOR REFUND MADE PURSUANT TO THIS SECTION. A CLAIM FOR REFUND MADE PURSUANT TO THIS SECTION MUST BE FILED ON OR BEFORE JUNE 30, 2028.

(5) (a) THE LOCAL GOVERNMENT WITH JURISDICTION TO ISSUE A

BUILDING PERMIT IN AN AREA AFFECTED BY A DECLARED WILDFIRE DISASTER MAY ISSUE A WILDFIRE REBUILD EXEMPTION CERTIFICATE TO A QUALIFIED HOMEOWNER. A WILDFIRE REBUILD EXEMPTION CERTIFICATE MUST CLEARLY IDENTIFY THE QUALIFIED HOMEOWNER, THE CONTRACTOR EMPLOYED BY THE HOMEOWNER, IF APPLICABLE, AND EACH BUILDING PERMIT ISSUED BY THE LOCAL GOVERNMENT TO THE QUALIFIED HOMEOWNER FOR REBUILDING OR REPAIRING A QUALIFIED RESIDENTIAL STRUCTURE.

(b) TO OBTAIN A WILDFIRE REBUILD EXEMPTION CERTIFICATE, A HOMEOWNER MUST CERTIFY, IN A FORM PRESCRIBED BY THE EXECUTIVE DIRECTOR, THAT:

(I) THE HOMEOWNER WAS THE OWNER OF EACH QUALIFIED RESIDENTIAL STRUCTURE TO BE REBUILT OR REPAIRED AT THE TIME THE STRUCTURE WAS DAMAGED OR DESTROYED BY THE DECLARED WILDFIRE DISASTER; AND

(II) THE REPLACEMENT COST FOR EACH QUALIFIED RESIDENTIAL STRUCTURE TO BE REBUILT OR REPAIRED EXCEEDS THE HOMEOWNER'S COVERAGE UNDER ANY HOMEOWNER'S INSURANCE POLICY ASSOCIATED WITH THE STRUCTURE.

(c) ON OR BEFORE SEPTEMBER 30, 2023, AND ON OR BEFORE SEPTEMBER 30 OF EACH CALENDAR YEAR THEREAFTER THROUGH SEPTEMBER 30, 2025, A LOCAL GOVERNMENT SHALL PROVIDE THE DEPARTMENT WITH AN ELECTRONIC REPORT OF THE NUMBER OF WILDFIRE REBUILD EXEMPTION CERTIFICATES ISSUED BY THE LOCAL GOVERNMENT FOR THE PRECEDING CALENDAR YEAR.

(6) THE EXECUTIVE DIRECTOR SHALL:

(a) PROVIDE A FORM FOR THE WILDFIRE REBUILD EXEMPTION CERTIFICATE TO THE PROPER OFFICIAL OF THE LOCAL GOVERNMENT WITH JURISDICTION TO ISSUE A BUILDING PERMIT IN AN AREA AFTER DETERMINING THAT THE AREA WAS AFFECTED BY A DECLARED WILDFIRE DISASTER;

(b) MODIFY EXISTING FORMS OR CREATE NEW FORMS AS NECESSARY TO FACILITATE REFUND CLAIMS MADE PURSUANT TO THIS SECTION; AND

(c) ADOPT RULES FOR THE ADMINISTRATION AND ENFORCEMENT OF

THIS SECTION.

(7) IN MAKING A REFUND OR ALLOWING A CREDIT PURSUANT TO SECTION 39-26-703, THE DEPARTMENT SHALL PRIORITIZE APPLICATIONS FOR REFUNDS SUBMITTED PURSUANT TO THIS SECTION OVER REFUND APPLICATIONS SUBMITTED PURSUANT TO OTHER PROVISIONS OF LAW.

(8) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2028.

SECTION 2. In Colorado Revised Statutes, 39-26-703, **amend** (2)(d) as follows:

39-26-703. Disputes and refunds - repeal. (2) (d) An application for refund under subsection (2)(c) or (2)(c.5) of this section must be made within the applicable deadline and must be made on forms prescribed and furnished by the executive director of the department of revenue, which form must contain, in addition to the foregoing information, such other pertinent data, information, or documentation as the executive director prescribes by rules promulgated in accordance with article 4 of title 24. Except as set forth in ~~section~~ SECTIONS 29-2-106.1 (5)(b) AND 39-26-734 (4)(d), the deadline for a sales tax refund or a refund of any use tax collected by a vendor is three years after the twentieth day of the month following the date of purchase and the deadline for any other use tax refund is three years after the twentieth day of the month following the initial date of the storage, use, or consumption in the state by the person applying for the refund.

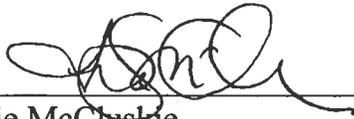
SECTION 3. Appropriation. (1) For the 2023-24 state fiscal year, \$72,267 is appropriated to the department of revenue for use by taxation services. This appropriation is from the general fund. To implement this act, the subdivision may use this appropriation as follows:

(a) \$64,382 for personal services, which amount is based on an assumption that the subdivision will require an additional 0.9 FTE; and

(b) \$7,885 for operating expenses.

SECTION 4. Safety clause. The general assembly hereby finds,

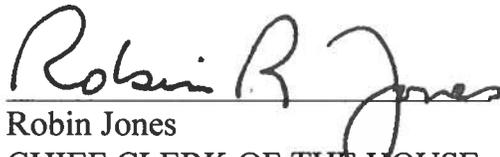
determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.



Julie McCluskie
SPEAKER OF THE HOUSE
OF REPRESENTATIVES



Steve Fenberg
PRESIDENT OF
THE SENATE

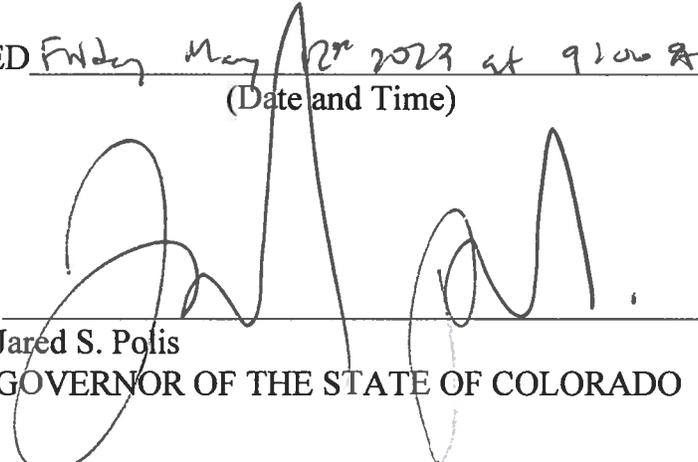


Robin Jones
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES



Cindi L. Markwell
SECRETARY OF
THE SENATE

APPROVED Friday May 12th 2023 at 9:00 AM
(Date and Time)



Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO



Testimony of **Lahaina Strong**
Before the Senate Committee on
Public Safety and Military Affairs

In Consideration of Senate Bill No. 1130
RELATING TO THE GENERAL EXCISE TAX

To Chair Elefante, Vice Chair Wakai and the honorable members of the committee,

We are writing on behalf of Lahaina Strong, an organization deeply rooted in our community's resilience and advocacy. Originally formed in 2018 following the Hurricane Lane fire in Lahaina and revitalized after the devastating fires of August 8, 2023, Lahaina Strong has become the largest grassroots, Lahaina-based community organization, with over 20,000 supporters. Our mission is to amplify local voices and champion community-driven solutions, which are more critical than ever as we continue rebuilding and recovering.

Lahaina Strong, stands in **support of Senate Bill 1130** which would provide a tax exemption for construction rebuilding materials in federally declared disaster areas. The catastrophic fire that devastated Lahaina on August 8, 2023, has placed unimaginable burdens on our residents, many of whom are struggling to navigate a long and uncertain path to recovery.

The cost of rebuilding our community is staggering, especially for homeowners who are already facing the dual challenge of paying rent on top of their existing mortgages. This financial strain has left many families feeling hopeless about their ability to rebuild their homes and lives in Lahaina.

We are also deeply concerned about the potential strain on the availability of construction materials. With the devastation caused by wildfires in California, there is a growing fear that access to critical supplies could become more challenging in the near future. Coupled with rising costs, this poses a significant hurdle for those trying to

rebuild in Lahaina. The tax exemption proposed in this bill represents a small but meaningful step in alleviating these pressures.

We respectfully urge you to **support Senate Bill 1130**, any reduction in costs makes a tremendous difference to our 'ohana's.

Mahalo for your consideration and for your commitment to helping communities like Lahaina recover and rebuild.

Sincerely,

Lahaina Strong



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON PUBLIC SAFETY & MILITARY AFFAIRS
HAWAII STATE CAPITOL, CONFERENCE ROOM 225
WEDNESDAY, JANUARY 29, 2025 AT 3:00 P.M.**

To The Honorable Senator Brandon J.C. Elefante, Chair
The Honorable Senator Glenn Wakai, Vice Chair
Members of the Committee on Public Safety & Military Affairs

COMMENTS ON SB1130 RELATING TO THE GENERAL EXCISE TAX

The Maui Chamber of Commerce **would like to provide COMMENTS on SB1130** which exempts from the state general excise tax the sales and gross proceeds from sales of construction rebuilding materials for residential and commercial properties in federally declared disaster areas. Applies only to rebuilding materials purchased between 07/1/2025, and 12/31/2028.

We greatly appreciate and agree with the intent of this bill to help offset the rising costs for residents rebuilding their homes in Lahaina. As noted in the bill, building materials continue to increase in price and availability making it difficult to rebuild both homes and businesses.

We are concerned that it would be difficult to track and verify which materials are purchased for the explicit use of rebuilding. We can think of instances where a builder may only use a portion of the materials purchased and there may be instances of misuse.

Given this, we would suggest considering a tax credit for homeowners and commercial land/business owners on the GET paid for their building supplies as noted in the contract by their construction company.

We appreciate the opportunity to provide testimony on this matter.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.