

Honolulu, Hawaii

MAR 01 , 2024

RE: H.B. No. 1660
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1660 entitled:

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

begs leave to report as follows:

The purpose of this measure is to tax capital gains income at the same rate as ordinary income.

Your Committee received testimony in support of this measure from Pride at Work-Hawai'i; Stonewall Caucus of the Democratic Party of Hawai'i; Save Medicaid Hawaii; North Hawaii Community Action Network; League of Women Voters of Hawaii; Democratic Party of Hawai'i; Democratic Party of Hawai'i Education Caucus; Imua Alliance; Democratic Party of Hawai'i Labor Caucus; Hawaii Appleseed Center for Law & Economic Justice; ADA Hawai'i; Hawai'i Health & Harm Reduction Center; Hawai'i Children's Action Network Speaks!; and numerous individuals. Your Committee received testimony in opposition to this measure from Ocean Tourism Coalition; Hawai'i Association of REALTORS; Grassroot Institute of Hawaii; NAIOP Hawaii; and eight individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the State has a capital gains tax rate of 7.25 percent, which is lower than the tax rate many of the



State's residents pay on their wages and salaries. Your Committee further finds that this low capital gains tax rate primarily benefits the wealthy, including nonresidents who invest in real estate in the State. This measure will promote tax fairness and generate additional state revenue by taxing capital gains at the same rate as ordinary income.

Your Committee has amended this measure by changing the effective date to July 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1660, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1660, H.D. 1, and be placed on the calendar for Third Reading.

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



KYLE T. YAMASHITA, Chair



