

Honolulu, Hawaii

FEB 13 2025RE: S.B. No. 1333
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 Housing, to which was referred S.B.
No. 1333 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize the use of county surcharge revenues for transportation and housing infrastructure in counties having a population of five hundred thousand or less;
- (2) Authorize counties that have previously adopted a surcharge on state tax ordinance after July 1, 2015, to amend the uses of the surcharge;
- (3) Extend the period within which a county with a population of five hundred thousand or less may collect a surcharge on state tax, under certain conditions, to December 31, 2047; and
- (4) Authorize cost-sharing with private or other public developers for housing infrastructure projects funded by surcharge revenues.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and



Tourism; Office of Planning and Sustainable Development; Hawai'i Community Development Authority; Office of the Mayor of the County of Hawai'i; Office of the Mayor of the County of Kaua'i; one member of the Maui County Council; and Office of Housing and Community Development of the County of Hawai'i.

Your Committee received testimony in opposition to this measure from the Grassroot Institute of Hawaii.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the county surcharge on the State's general excise tax allows each jurisdiction to utilize additional revenue generated for housing and transportation infrastructure projects, enabling cost-sharing of public infrastructure. As the surcharge on general excise tax serves as a reliable, stable source of revenue, effective usage of surcharge revenue is imperative for the counties to be proactive in the development of housing projects that are affordable for residents. Therefore, this measure extends an additional source of financing for housing development projects to address the unique housing needs of each county.

Your Committee expresses concern regarding the utilization of revenue generated from the general excise tax surcharge in Maui County, which has resulted in a disappointing lack of infrastructure development that uses the surcharge. Revenues were carved out specifically for housing and yet your Committee has not seen evidence of the commencement of more housing development projects in Maui County as a result of the surcharge. While Maui County may have been a test to determine the feasibility of this method of financing, there have been no results. Your Committee is therefore uncertain that this measure may catalyze the housing development intended, as the results in other counties may be premature.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your



Committee is in accord with the intent and purpose of S.B. No. 1333, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1333, S.D. 1, and be referred to your Committee on Ways and Means.

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


STANLEY CHANG, Chair



