



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**  
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI  
A HO'OMĀKA'IKĀ'I

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR

**JAMES KUNANE TOKIOKA**  
DIRECTOR

**DANE K. WICKER**  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [dbedt.hawaii.gov](http://dbedt.hawaii.gov)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**JAMES KUNANE TOKIOKA**  
**Director**  
Department of Business, Economic Development and Tourism  
before the  
**SENATE COMMITTEE ON HOUSING**

Thursday, February 6, 2025  
1:05 PM  
State Capitol, Conference Room 225

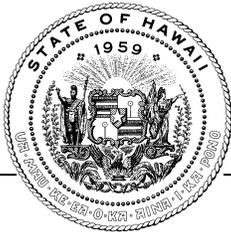
In consideration of  
**SB 1333**  
**RELATING TO TAXATION.**

Chair Chang, Vice Chair Hashimoto and members of the Committee:

The Department of Business, Economic Development and Tourism (DBEDT) supports SB 1333, an Administration bill that amends provisions for county general excise tax (GET) surcharges for the Counties of Hawai'i, Kaua'i and Maui. The aim of the amendments is to strengthen this important revenue source for county public infrastructure investments needed for housing and transportation system improvements.

SB 1333 extends the period for the county GET surcharges for the Neighbor Island Counties, enables each of the Counties to amend their existing surcharge ordinances to use GET surcharge revenues for both housing-related and transportation infrastructure projects, and enables cost-sharing of public infrastructure funded or financed with GET surcharge revenues with those projects served by the infrastructure. With these amendments, the GET surcharge can serve as a predictable and stable funding source for these Counties and play a critical role in increasing their capacity to fund or finance the public infrastructure needed to unlock housing production.

Thank you for the opportunity to testify.



**STATE OF HAWAI'I  
OFFICE OF PLANNING  
& SUSTAINABLE DEVELOPMENT**

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR

**MARY ALICE EVANS**  
DIRECTOR

235 South Beretania Street, 6th Floor, Honolulu, Hawai'i 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawai'i 96804

Telephone: (808) 587-2846  
Fax: (808) 587-2824  
Web: <https://planning.hawaii.gov/>

Statement of  
**MARY ALICE EVANS, Director**

before the  
**SENATE COMMITTEE ON HOUSING**

Thursday, February 6, 2025  
1:05 PM  
State Capitol, Conference Room 225

in consideration of  
**SB 1333**  
**RELATING TO TAXATION.**

Chair Chang, Vice Chair Hashimoto, and Members of the Senate Committee on Housing.

The Office of Planning and Sustainable Development (OPSD) **strongly supports** SB 1333, an Administration bill that amends the county general excise tax (GET) surcharge authority for the Counties of Hawai'i, Kaua'i, and Maui to strengthen this important revenue source for county public infrastructure investments needed for housing and transportation systems. Specifically, the bill extends the period for the GET surcharge, enables these Counties to use GET surcharge revenues for both housing-related and transportation infrastructure projects, and enables cost-sharing of public infrastructure improvements funded by GET surcharge revenues.

Extending the end date for surcharge collection for twenty years gives the Counties the option to issue bonds to finance the large upfront costs of major infrastructure projects, in addition to funding smaller annual pay-as-you-go projects. This provides a more predictable and sustainable revenue source that supports timely investments in public infrastructure.

Currently, Maui County is authorized to use surcharge revenues for housing infrastructure, but not for transportation facilities; conversely, Hawai'i and Kaua'i Counties are only authorized to use their surcharge revenues for transportation facilities and projects. Most infrastructure for housing development is built in a package – with pipes and manholes under roads. This measure would authorize the Counties to amend their surcharge ordinances to use the surcharge revenue for both housing-related and transportation infrastructure.

Given the magnitude of public investment needed to provide critical infrastructure statewide, this measure would enable the Counties to cost-share the construction of public infrastructure for housing funded by the GET surcharge revenue with housing developers whose

projects are served by infrastructure projects funded by surcharge revenues. This allows surcharge revenues to be leveraged and increases the impact of surcharge revenues in meeting infrastructure and housing needs.

SB 1333 is intended to help address the significant funding gap for public infrastructure required in key growth areas statewide that was identified in the *TOD Infrastructure Finance and Delivery Strategy* Study conducted by OPSD pursuant to the State Legislature’s direction and funding in Act 88, Session Laws of Hawai‘i 2021. A key recommendation of the Study was to provide stable, dedicated revenue sources for the counties to address infrastructure needs statewide. A summary of the Study findings and recommendations is attached. The final Strategy report is available for your review at [https://files.hawaii.gov/dbedt/op/lud/Reports/TOD\\_InfraFin\\_Strategy\\_20231221.pdf](https://files.hawaii.gov/dbedt/op/lud/Reports/TOD_InfraFin_Strategy_20231221.pdf)).

With these amendments, the GET surcharge can serve as a predictable and stable funding source for the Counties and play a critical role in increasing their capacity to fund or finance the public infrastructure investments needed to unlock housing production.

Thank you for the opportunity to testify on this measure.



**HAWAI'I COMMUNITY  
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawai'i 96813  
Telephone: (808) 594-0300 Fax: (808) 587-0299  
Web site: <http://dbedt.hawaii.gov/hcda/>

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR

STERLING HIGA  
CHAIRPERSON

CRAIG K. NAKAMOTO  
EXECUTIVE DIRECTOR

Statement of  
**CRAIG K. NAKAMOTO**  
**Executive Director**  
Hawai'i Community Development Authority  
before the  
**SENATE COMMITTEE ON HOUSING**

Thursday, February 6, 2025  
1:05 PM  
State Capitol, Conference Room 225 & Videoconference

In consideration of  
**SB 1333**  
**RELATING TO TAXATION.**

Chair Chang, Vice Chair Hashimoto, and members of the Committee.

The Hawai'i Community Development Authority (HCDA) **strongly supports SB 1333**, which authorizes the counties of Maui, Kaua'i, and Hawai'i to amend existing state tax surcharge ordinances to be used for both transportation and housing infrastructure projects, such as streets, sidewalks, and utilities including water, drainage, sewer, electrical and communications.

This measure extends the term this surcharge may be levied from December 31, 2030 to December 31, 2047, allowing a means of financing infrastructure projects in these counties.

The third significant change this measure makes is that it allows the counties to cost-share infrastructure development expenses with others in the public and private sectors further enabling costly infrastructure projects to be completed.

This measure strengthens and improves existing policy for a much-needed revenue stream for financing large county transportation and housing infrastructure projects.

Across the State, sufficient infrastructure is essential to support development, including transportation, affordable housing and mixed-use projects, and it is an integral part of building better communities.

Thank you for the opportunity to provide testimony.

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau  
P.O. BOX 259

HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 1333, Relating to Taxation.

**BEFORE THE:**

Senate Committee on Housing

**DATE:** Thursday, February 6, 2025

**TIME:** 1:05 p.m.

**LOCATION:** State Capitol, Room 225

Chair Chang, Vice-Chair Hashimoto, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 1333, an Administration measure, for your consideration.

Section 2 of the measure amends section 46-16.8, Hawaii Revised Statutes (HRS), to authorize the use of county surcharge revenues for transportation and housing infrastructure in counties having a population of 500,000 or less (i.e., all counties except the City and County of Honolulu).

Section 2 also authorizes counties that have previously adopted a surcharge on state tax ordinance after July 1, 2015, to amend the uses of the surcharge and engage in cost-sharing with private or other public developers for housing infrastructure projects funded by surcharge revenues.

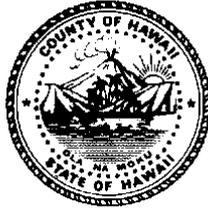
Sections 3, 4, and 5 extend the period for which a county with a population of 500,000 or less may collect a surcharge on state tax to December 31, 2047.

The measure will become effective upon approval.

DOTAX can administer this measure as written.

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

**C. Kimo Alameda, Ph.D.**  
*Mayor*



**William V. Brillhante, Jr.**  
*Managing Director*

**Merrick Nishimoto**  
*Deputy Managing Director*

## *County of Hawai'i ~ Office of the Mayor*

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • Phone (808) 961-8211 • Fax (808) 961-6553  
KONA: 74-5044 Ane Keohokālole Hwy., Bldg C • Kailua-Kona, Hawai'i 96740  
Phone (808) 323-4444 • Fax (808) 323-4440

February 4, 2025

Committee on Housing  
Tuesday, February 6, 2025

SB1333  
Relating to Taxation  
Chair, Senator Stanley Chang, Vice Chair, Senator Troy N. Hashimoto

Aloha Chair, Vice Chair, and esteemed members of the Committee,

My name is Kimo Alameda, Mayor of Hawai'i County and I am writing to express my strong support for SB1333, which seeks to extend and expand the use of county surcharge revenues for both transportation and housing infrastructure in counties with population of 500,000 or less.

This bill is a crucial step toward addressing Hawaii's ongoing housing crisis and infrastructure needs. The bill allows counties that adopted a surcharge on state tax after July 2, 2015, to amend its permitted uses. It also extends the collection period for the county surcharge until December 31, 2047, providing long-term sustainability. Additionally, it authorizes cost-sharing with private and public developers to support housing infrastructure projects.

SB1333 will help reduce housing development costs, accelerate affordable housing production, enhance infrastructure investment, and support economic growth. The bill also ensures that counties have a sustainable revenue source to invest in long-term improvements without burdening homeowners through increased property taxes.

I urge you and your colleagues to support SB1333. This legislation is essential to creating sustainable communities, improving affordability, and addressing infrastructure gaps across our islands.

Mahalo for your time and consideration.

# OFFICE OF THE MAYOR

DEREK S.K. KAWAKAMI, MAYOR

REIKO MATSUYAMA, MANAGING DIRECTOR

---



## Testimony of Derek S.K. Kawakami

Mayor, County of Kaua'i

Before the

### Senate Committee on Housing

February 6, 2025; 1:05 PM

Conference Room 225 & Videoconference

In consideration of

### Senate Bill 1333 Relating to Taxation

Honorable Chair Chang, Vice Chair Hashimoto, and Members of the Committee:

The County of Kaua'i is in **support** of SB 1333 Relating to Taxation which authorizes the use of county surcharge revenues for transportation and housing infrastructure in counties having a population of 500,000 or less; authorizes counties that have previously adopted a surcharge on state tax ordinance after July 1, 2015, to amend the uses of the surcharge; extends the period within which a county with a population of 500,000 or less may collect a surcharge on state tax, under certain conditions, to 12/31/2047; and authorizes cost-sharing with private or other public developers for housing infrastructure projects funded by surcharge revenues.

We continue to extend our deepest gratitude to the legislature for allowing the County to control our own destiny using this revenue. The general excise surcharge has allowed Kaua'i County the ability to monumentally reinvest in aging infrastructure while creating jobs through the planning, consulting, engineering, and building industries.

The County of Kaua'i is responsible for the repair and maintenance of approximately 616 lane miles (308 centerline miles). From 2019-now, the majority of GET funds were used to resurface an average of 30 lane miles per year. At this pace, it will take roughly 20 years to complete every county-managed road. Subdivision roads generally need to be resurfaced every 20 years, and busier roads every 10 years. This demand initially set us behind schedule; however, since the inception of GET, we now have sufficient resources to sustain a road maintenance program and have significantly reduced the backlog of roads in poor-to-critical condition — those requiring full reconstruction — which are more costly and time-intensive to repair.

Additionally, our roadway maintenance items supported by the GET surcharge also includes 84 County bridges, stormwater sewer systems beneath our roadways, addressing erosion of roadway shoulders and embankment, and mitigating rockfall hazards.

We look forward to continuing the safety improvements to our roads for our residents and visitors that the extension of the GET surcharge will provide. Mahalo for the opportunity to testify in **support** of this measure, SB 1333 Relating to Taxation.

Council Chair  
Alice L. Lee

Vice-Chair  
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore  
Tasha Kama

Councilmembers  
Tom Cook  
Gabe Johnson  
Tamara Paltin  
Keani N.W. Rawlins-Fernandez  
Shane M. Sinenci  
Nohelani U'u-Hodgins



Director of Council Services  
David M. Raatz, Jr., Esq.

Deputy Director of Council Services  
Richelle K. Kawasaki, Esq.

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

February 5, 2025

TO: The Honorable Stanley Chang, Chair  
The Honorable Troy N. Hashimoto, Vice Chair  
and Members of the Senate Committee on Housing

FROM: Alice L. Lee  
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 6, 2025; TESTIMONY IN SUPPORT OF SB 1333, RELATING TO TAXATION**

I **support** this measure to authorize counties with a population of 500,000 or less to use county surcharge revenue for both transportation and housing infrastructure, extend the surcharge collection period until December 31, 2047, and permit cost-sharing with public and private developers.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this measure for the following reasons:

1. This bill would allow Maui County to allocate surcharge revenue toward essential infrastructure. This flexibility is vital to increasing affordable housing supply. By investing in roads, water, and sewer systems, we can facilitate much-needed residential development.
2. The bill extends the collection period for the surcharge until December 31, 2047. This extension ensures Maui County can finance and execute large-scale improvements without placing undue burden on real property taxpayers.
3. By permitting cost-sharing arrangements between the County and developers, this measure enables a collaborative and helpful approach to infrastructure financing..

Thank you for your consideration.

**C. Kimo Alameda, Ph.D.**  
*Mayor*

**William V. Brilhante Jr.**  
*Managing Director*

**Merrick Nishimoto**  
*Deputy Managing Director*



**Kehaulani M. Costa**  
*Housing Administrator*

**Keiko M. Mercado**  
*Assistant Housing Administrator*

**County of Hawai'i**  
**Office of Housing and Community Development**

1990 Kino'ole Street, Suite 102 • Hilo, Hawai'i 96720 • (808) 961-8379 • Fax (808) 961-8685  
Existing Housing: (808) 959-4642 • Fax (808) 959-9308  
Kona: (808) 323-4300 • Fax (808) 323-4301

February 5, 2025

TESTIMONY IN SUPPORT OF SENATE BILL 1333  
A BILL FOR AN ACT RELATING TO TAXATION  
COMMITTEE ON HOUSING  
Sen. Stanley Chang, Chair  
Sen. Troy N. Hashimoto, Vice Chair  
Hearing Date: Thursday, February 6, 2025, at 1:05 PM  
Place of Hearing: Conference Room 225 & Videoconference

Aloha Honorable Chairs Chang and Hashimoto, and members of the Committee on Housing,

On behalf of the County of Hawai'i Office of Housing and Community Development (OHCD), I am pleased to provide testimony in **support of Senate Bill 1333**, which seeks to extend and expand the use of County surcharge revenues for both transportation and housing infrastructure in counties with population of 500,000 or less.

While the 2023 Legislature clarified through SB 1099 (Act 30) that the County surcharge on the state GET could be amended to fund housing infrastructure, the use of those monies was limited to costs for County-appropriated housing infrastructure costs.

As proposed, SB1333 would allow the County to establish a means to cost-share all or a portion of the housing infrastructure with our private or other public developer partners. This flexibility is particularly important to the County of Hawai'i, where most of our affordable housing projects are undertaken by private or public developers, enabling them to proceed without the financial burden of fully financing infrastructure upfront.

The ability to utilize this surcharge would allow the County to put much-needed revenue toward addressing its affordable-housing crisis by no longer requiring developers to finance the costs of installing infrastructure upfront. This could make affordable rental projects more viable, and homebuyers would no longer see the costs of infrastructure passed on to them.

Additionally, SB 1333 also extends the collection period for the county surcharge until



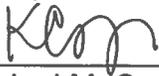
February 5, 2025

Page 2

Dec. 31, 2047, providing long-term sustainability and funding for projects that can take years to realize.

Thank you for the opportunity to provide testimony in support of Senate Bill 1333. Passage of this measure is essential to creating sustainable communities, improving affordability, and addressing infrastructure gaps across Hawai'i.

Mahalo,



---

Kehaulani M. Costa  
Housing Administrator

Feb. 6, 2025, 1:05 p.m.  
Hawaii State Capitol  
Conference Room 225 and Videoconference

**To: Senate Committee on Housing**  
**Sen. Stanley Chang, Chair**  
**Sen. Troy Hashimoto, Vice-Chair**

**From: Grassroot Institute of Hawaii**  
**Ted Kefalas, Director of Strategic Campaigns**

RE: SB1333 — RELATING TO TAXATION

Aloha Chair Chang, Vice-Chair Hashimoto and members of the Committee,

The Grassroot Institute of Hawaii **opposes** [SB1333](#), which would allow Hawai'i, Maui and Kaua'i counties to use their excise tax surcharges for housing and transportation infrastructure.

It would also extend the expiration date of Honolulu's GET surcharge from Dec. 31, 2030 to Dec. 31, 2047 — stoking the well-known cynical view that there is no such thing as a temporary tax.

The context here is that the state allowed Honolulu to levy a 0.5% surcharge on the state's GET in 2005,<sup>1</sup> and it was supposed to sunset Dec. 31, 2022. But the 2017 Legislature extended that expiration date to Dec. 31, 2030.<sup>2</sup>

Now, SB1333 proposes to delay the sunset of that sunset to 2047 — 25 years after it was originally set to expire.

A far better choice than what is being proposed in this bill would be to simply allow the county GET surcharges to lapse. Otherwise, what we would be doing is permanently increasing Hawaii's combined GET rate to 4.5%, despite the statements originally that it would fall back to 4% in 2031.

---

<sup>1</sup> James Mak, "[The Exorbitant Cost of Collecting Honolulu's Rail Surcharge Tax](#)," The Economic Research Organization at the University of Hawai'i, Feb. 2, 2017.

<sup>2</sup> "[Hawaii Gov. Ige signs bill to fund Honolulu's transit-rail project](#)," Progressive Railroading, Sept. 7, 2017.

In addition, the GET is widely recognized as being a regressive tax, which makes the idea of a permanent increase even more objectionable. Rhetoric notwithstanding, a “surcharge” is a tax hike, and a permanent increase in the GET would disproportionately affect Hawaii’s most economically disadvantaged residents.

According to the Institute on Taxation and Economic Policy, Hawaii’s GET falls most heavily on those least able to afford it and takes up an average of 11% of family income for the poorest 20% of earners.<sup>3</sup>

Please reject this “forever temporary tax” and defer SB1333.

Thank you for the opportunity to testify.

Ted Kefalas  
Director of strategic campaigns  
Grassroot Institute of Hawaii

---

<sup>3</sup> Meg Wiehe, et al., “[Who Pays? A Distributional Analysis of the Tax Systems in All 50 States](#),” Sixth Edition. Institute on Taxation and Economic Policy, October 2018, p.54.

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Extend County Surcharge Sunset to End of 2047

BILL NUMBER: SB 1333, HB 1014

INTRODUCED BY: SB by KOUCHI by request, HB by NAKAMURA by request (Governor's Package)

EXECUTIVE SUMMARY: Authorizes the use of county surcharge revenues for transportation and housing infrastructure in counties having a population of 500,000 or less. Authorizes counties that have previously adopted a surcharge on state tax ordinance after July 1, 2015, to amend the uses of the surcharge. Extends the period within which a county with a population of 500,000 or less may collect a surcharge on state tax, under certain conditions, to 12/31/2047. Authorizes cost-sharing with private or other public developers for housing infrastructure projects funded by surcharge revenues.

SYNOPSIS: For counties not establishing a surcharge before July 1, 2015, the measure amends section 46-16.8(c), HRS, extending the authorization to establish the county surcharge to December 31, 2047 from December 31, 2030.

For counties that have adopted an ordinance to establish a surcharge, the measure amends section 46-16.8(d), HRS, extending the ability to *amend* the ordinance to change authorized uses of surcharge revenues from December 31, 2023, to December 31, 2026.

For counties with a population equal or less than 500,000, amends section 46-16.8(g)(3), HRS, , to remove the inability to pass housing infrastructure costs funded by the surcharges to developers. Adds the ability to establish a means to cost-share the infrastructure costs through contributions from projects that are served by the infrastructure or other private or public funding sources.

Amends section 46-16.8(h), HRS, definition for "Housing infrastructure costs" to mean nonrecurring costs, inclusive of financing costs, including debt service and financing agreement costs, required to construct:

- 1) Pedestrian paths or sidewalks on a county road near or around a public school,
- 2) Water, drainage, sewer, water reuse, waste disposal, and water treatment systems that connect to the infrastructure of the county, and
- 3) Electrical and communication system improvements required for neighborhood redevelopment.

Makes conforming changes to the GET and use tax provisions in section 247-8.6(b) and 238-2.6(b), HRS, to extend the sunset date of the surcharge from December 31, 2030 to December 31, 2047.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: This is an Administration bill sponsored by the Department of Business, Economic Development, and Tourism and designated BED-22 (25).

The county surcharge on the General Excise Tax is used in the City & County of Honolulu to support its rail mass transit project. The law creating the county surcharge for the other counties allowed those counties to use the surcharge funds for transportation infrastructure.

Act 48, SLH 2023, allowed counties with a population of less than 500,000 (namely, any county other than the City & County of Honolulu) to use county surcharge funds for housing infrastructure as well.

As originally enacted, the rail surcharge was scheduled to sunset on December 31, 2022. The surcharge authority was extended to December 31, 2027, by Act 240, Session Laws of Hawaii 2015, and was further extended to December 31, 2030, by Special Session Act 1, Session Laws of Hawaii 2017.

When the surcharge legislation was adopted back in 2006, taxpayers, especially those in Honolulu, were assured that the 0.5% surcharge was going to be temporary. And, as is now explicitly stated in HRS section 46-16.8. the funds were supposed to be paid to build the system, and not go toward operations and maintenance (which are never-ending expenses).

The current bill extends the county surcharge authority for 17 more years, now that all of the counties have adopted the surcharge, except for the City & County of Honolulu, to which this bill does not apply.

It seems that the idea of the county surcharge being temporary is going the way of the dodo bird and the saber-toothed tiger. Is there ever such a thing as a temporary tax? Take the transient accommodations tax as an example – it was touted as a temporary measure to raise funds to build the convention center. That was in 1986. It's now almost 40 years later, the convention center has been built, the tax rate is more than double what it was when first enacted, and the counties have been allowed to surcharge that tax too.

It is now apparent that voters across the state had been lied to when they were assured that the surcharge was to be temporary. This brings to mind the famous quote by Darth Vader in *The Empire Strikes Back*: "I am altering the deal. Pray I don't alter it any further."

Digested: 2/4/2025