STAND. COM. REP. NO. 622 Honolulu, Hawaii FED 17, 2023

RE: H.B. No. 1363 H.D. 2

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2023 State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1363, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- Extend the period within which a county may adopt a surcharge on state tax, under certain conditions, from March 31, 2019, to December 31, 2023;
- (2) Authorize the use of county surcharge revenues for housing infrastructure in counties with a population of five hundred thousand or less; and
- (3) Temporarily authorize counties that have previously adopted a surcharge on state tax to amend the uses of surcharge revenues.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation, Office of the Mayor of the County of Maui, and Maui Hotel & Lodging Association. Your Committee received comments on this measure from the Department of Taxation, NAIOP Hawaii, and Tax Foundation of Hawaii.

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Your Committee finds that the development of housing remains a top priority for the State. With Hawaii experiencing a severe lack of housing units, your Committee believes that more needs to be done to reduce the cost of developing housing units. Your Committee further finds that the development of housing infrastructure has traditionally been the responsibility of housing developers, who then pass on the costs to the homebuyer, further increasing the cost of housing. This measure will generate money for the counties to use for housing infrastructure, thereby reducing the cost of developing much-needed housing units throughout the State.

Your Committee has amended this measure by:

- Clarifying that a county may use surcharge revenues for housing infrastructure only if a county amended its surcharge ordinance or adopts a surcharge ordinance after December 31, 2022;
- (2) Specifying that no surcharge on state tax may be levied before January 1, 2024, if a county surcharge ordinance was adopted on or after March 31, 2019, but on or before August 1, 2023, and clarifying that no surcharge may be levied before January 1, 2025, if the ordinance is adopted on or after August 2, 2023; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 H.B. No. 1363, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 1363, H.D. 2.



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

n. All

TROY N. HASHIMOTO, Chair

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Record of Votes of the Committee on Housing

Bill/Resolution No.:Committee Referral:Date:HB 1303 HD1LG0, HJG, FIN2/15/23				
The committee is reconsidering its previous decision on the measure.				
The recommendation is to:				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. HASHIMOTO, Troy N. (C)				
2. AIU, Micah P.K. (VC)	V			
3. KILA, Darius K.	en de la construction de la constru La construction de la construction d		unan estadoundus dans hates so se so s s s s s	i <u>an an an an an an an a</u> faalin in caana. Annaa
4. KITAGAWA, Lisa		in an airstan ann ann an	A A MINI ALLA ANN AN AN ANN AN ANN ANN AN ANN AN	
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5. MARTEN, Lisa	V			
6. ONISHI, Richard H.K.	<u>n an Artha</u> nna			
7. TODD, Chris	and the state of the	<u> - Maria Antoni (1996)</u> - 1886 - 18	anggal walati kana shekara i	en de la nombre d'al constant de salation de
		a a una ser a sin a sina dan da sa sa sa sa sa	n an ann an tart ann an an an an an an	yar sayad ba callo ayarkeri ba acabeta sa
8. MATSUMOTO, Lauren				· · · · · · · · · · · · · · · · · · ·
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TOTAL (8)	7		1	
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				