

Honolulu, Hawaii

FEB 07 2025

RE: S.B. No. 1130
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 Public Safety and Military Affairs, to which was referred S.B. No. 1130 entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Exempt 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
- (2) Apply only to rebuilding materials purchased between July 1, 2025, and December 31, 2028.

Your Committee received testimony in support of this measure from the International Brotherhood of Electrical Workers Local Union 1260, Lahāinā Strong, and Retail Merchants of Hawaii.

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

Your Committee finds that natural disasters such as the catastrophic 2023 Maui wildfires place unimaginable burdens on residents of the State, many of whom struggle to navigate a long



and uncertain path to recovery. The cost of rebuilding a community that has been devastated by a natural disaster is staggering, especially for homeowners who are already facing the dual challenge of paying rent on top of their existing mortgages. With an increase in natural disasters across the nation, there is a growing fear that access to critical supplies and construction materials could become more challenging in the near future. Coupled with rising costs, this poses a significant hurdle for those trying to rebuild. Your Committee finds that the tax exemption established by this measure is a meaningful step towards alleviating these pressures.

Your Committee notes the recommendation of the Department of Taxation that a third party issue the certification for projects qualifying for the exemption created by this measure, like other construction-related exemptions that already exist for the general excise tax, to streamline the Department's processing of exemption claims and provide assurance to businesses working on exempt projects as they work with customers to determine which revenues are exempt from taxation. Therefore, amendments to this measure are necessary to address this issue.

Your Committee has amended this measure by:

- (1) Adding language requiring a third party to issue the certification for projects qualifying for the exemption for disaster construction rebuilding materials;
- (2) Changing the effective date from July 1, 2025, to January 1, 2026; and
- (3) 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 Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1130, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1130, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Public Safety and
Military Affairs,



BRANDON J.C. ELLEFANTE, Chair



