

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 492

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 Energy and Intergovernmental Affairs, to which was referred S.B. No. 492 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize each county that has established a surcharge on state tax before July 1, 2015, to extend the surcharge until December 31, 2045, at the same rates, if the county does so before January 1, 2028;
- (2) Provide that no county surcharge on state tax authorized for a county that has not established a surcharge on state tax before July 1, 2015, shall be levied before January 1, 2019, or after December 31, 2045; and
- (3) Repeal certain conditions on the use of surcharges received from the State for housing infrastructure costs.

Your Committee received testimony in support of this measure from the Department of the Hawaiian Home Lands, Office of Planning and Sustainable Development, Office of the Mayor of the County of Kaua'i, one member of the Maui County Council, and one individual.



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

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

Your Committee finds that the county surcharge on general excise tax provides the counties with a predictable and sustainable revenue source that can support timely investment in infrastructure projects. Extending the time in which counties may collect surcharge revenues is needed to ensure counties can fund and finance large upfront costs of these infrastructure projects, especially those projects necessary to support housing development to meet the demands of the State's housing shortage.

Your Committee has amended this measure by:

- (1) Authorizing counties with a population of less than five hundred thousand that use surcharge revenues for housing infrastructure costs to pass on those costs to the developer of a housing project;
- (2) Inserting an effective date of May 13, 2040, to encourage further discussion; and
- (3) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

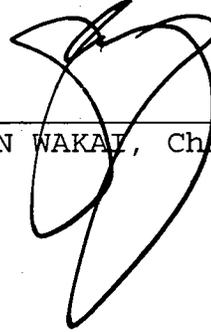
Your Committee notes that the intent of this measure is to address Hawaii's housing crisis by continuing to facilitate the development of affordable housing at the county level. Your Committee has heard and acknowledges concerns that this measure may have unintended consequences that were not raised before your Committee during the public hearing. Your Committee finds that these concerns merit further consideration and examination and respectfully requests that subsequent Committees to which this measure is referred, should they choose to deliberate on this measure, consider these issues.

As affirmed by the record of votes of the members of your Committee on Energy and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and



purpose of S.B. No. 492, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 492, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Intergovernmental Affairs,



GLENN WAKAI, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Energy and Intergovernmental Affairs
EIG

Bill / Resolution No.:* SB492	Committee Referral: EIG, WAM	Date: 2/11/25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
CHANG, Stanley (VC)	✓			
DECOITE, Lynn	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
FEVELLA, Kurt				✓
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes