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

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1813, H.D.1, Relating to Taxation

BEFORE THE:

House Committee on Finance

DATE: Monday, March 2, 2026

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments on H.B. 1813, H.D.1, for your consideration.

Section 6 of the bill repeals section 238-3(h), Hawaii Revised Statutes (HRS), which provides a use tax exclusion for vessels constructed under section 189-25, HRS, prior to July 1, 1969.

Section 7 of the bill repeals section 237-24.5, HRS, which provides a GET exemption for certain amounts received by an exchange or board of trade subject to regulation by the Securities and Exchange Commission or the Commodities Futures Trading Commission or an organization subject to similar regulation under the laws of a jurisdiction outside the United States.

Conforming amendments are contained in sections 1 through 5 of the bill.

The bill has a defective effective date of July 1, 3000.

DOTAX recommends that the measure take effect on January 1, 2027, to provide sufficient time to make the necessary form, instruction, and system changes.

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

TAX FOUNDATION OF HAWAII

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SUBJECT: GENERAL EXCISE, USE, Repeals stock exchange and old vessel exemptions

BILL NUMBER: HB 1813 HD1

INTRODUCED BY: ECD

EXECUTIVE SUMMARY: Amends and repeals certain exemptions under the general excise tax and use tax laws. Effective 7/1/3000. (HD1)

SYNOPSIS: Amends section 238-3, HRS, by deleting current subsection (h) relating to vessels constructed under section 189-25, HRS (relating to loans by DBEDT to individuals or businesses to finance the purchase, construction, or upkeep of vessels) prior to July 1, 1969.

Repeals section 237-24.5, HRS, that presently exempts certain amounts received by a stock exchange from the general excise tax.

Makes other technical and conforming amendments.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: This bill proposes to repeal industry-specific tax incentives that are not in use or otherwise rarely claimed. Apparently, the object of this version of the bill is to clean up the tax code.

Digested: 2/28/2026