

STAND. COM. REP. NO.

244

Honolulu, Hawaii

FEB 09 , 2023

RE: H.B. No. 1363
H.D. 1

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

Sir:

Your Committee on Labor & Government Operations, to which was referred H.B. No. 1363 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) 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, in certain instances, the use of county surcharge revenues for housing infrastructure; and
- (3) Temporarily authorize counties that have previously adopted a surcharge on state tax to amend the rates and uses of the surcharge.

Your Committee received testimony in support of this measure from the Office of the Mayor of the County of Maui and two members of the Maui County Council. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and NAIOP Hawaii.

2023-1307 HB1363 HD1 HSCR HMSO-1



Your Committee finds that this measure would implement a policy shift with regard to the development of housing. The counties, rather than private developers, would be responsible for the location, planning, and development of infrastructure to support housing. Your Committee believes that authorizing a county to use revenues from the county surcharge on state tax for housing infrastructure would provide the funding necessary to effect this change in policy and, ultimately, lower the price of housing for residents.

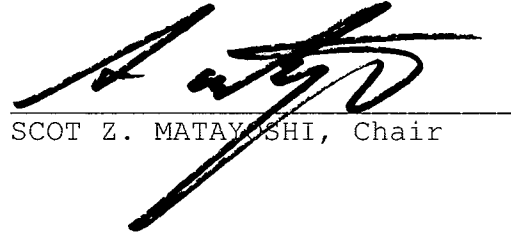
Your Committee has amended this measure by:

- (1) Deleting the authority to change the county's surcharge rate while maintaining the authority to change the authorized uses of surcharge revenues for counties that established a surcharge on state tax before March 31, 2019;
- (2) Deleting the definition of the term "infrastructure" from the definition of "housing infrastructure";
- (3) Clarifying that each county having a population of five hundred thousand or less may use the surcharge for pedestrian paths or sidewalks on a county road near or around a public school;
- (4) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (5) 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 Labor & Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1363, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1363, H.D. 1, and be referred to your Committee on Housing.



Respectfully submitted on
behalf of the members of the
Committee on Labor & Government
Operations,



SCOT Z. MATAYOSHI, Chair



