Honolulu, Hawaii

MAR 22 , 2024

RE: S.B. No. 1099

S.D. 1 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sir:

Your Committee on Labor & Government Operations, to which was referred S.B. No. 1099, S.D. 1, 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 in which a county may adopt a surcharge on state tax, under certain conditions;
- (2) Authorize the use of county surcharge revenues for affordable and workforce housing infrastructure in counties having a population of five hundred thousand or less; and
- (3) Authorize, in all counties that adopt or have adopted a surcharge on state tax, the use of county surcharge revenues for housing infrastructure, including roadways, water, and sewer.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation and one member of the Maui County Council. Your Committee received comments on this measure from the Department of the Attorney

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General; Department of Taxation; one member of the Maui County Council; and Tax Foundation of Hawaii.

Your Committee finds that the development of housing is of critical importance to the State. Historically, housing developers were responsible for the development of infrastructure to support housing, requiring them to ultimately pass the cost on to homebuyers. Your Committee further finds that Act 48, Session Laws of Hawaii 2023, authorized, among other things, the use of county surcharge on state tax revenues for housing infrastructure, under certain conditions. This measure further clarifies the authority of the counties to use county surcharge on state tax revenues for housing infrastructure costs, ensuring that those associated costs are not passed on to homebuyers and making homeownership attainable for more residents.

Your Committee has amended this measure by:

- (1) Deleting language that would have extended the period in which a county may adopt a surcharge on state tax, under certain conditions;
- (2) Clarifying the authority of the counties to use county surcharge on state tax revenues for housing infrastructure costs, including financing costs;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (4) 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 S.B. No. 1099, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1099, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

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

SCOT Z. MATAYOS/1, Chair

State of Hawaii House of Representatives The Thirty-second Legislature

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Record of Votes of the Committee on Labor & Government Operations

Bil	I/Resolution No.:	SD 1		e Referral:		Date: 3/2	1/24
	The committee is reco	nsidering i	ts previous decision	n on the measure.			
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)							
LGO Members			Ayes	Ayes (WI	R) Nays	Excused	
1.	MATAYOSHI, Se	cot Z. (C)		~			
JA:			Maria (1922) Scart (1922)				
2.	GARRETT, Andı	rew Taku	ya (VC)			2000 1200 120 120 120 120 120 120 120 12	
3.	KAPELA, Jeanne						
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4.	MARTINEZ, Ros	e			Autoria de la composición della composición dell		
	CANADA Inches	- D					
5.	SAYAMA, Jackson	m D.					
6.	TAM, Adrian K.						
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7.	ALCOS III, David	1	3 A 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	18 18 18 18 18 18 18 18 18 18 18 18 18 1		PROFITATION SIN MAJABAN AND AND AND AND AND AND AND AND AND A	
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TOTAL (7)			4			- 3	
The recommendation is: Adopted Not Adopted If joint referral, did not support recommendation. committee acronym(s)							
Vice Chair's or designee's signature:							
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO							