

TAX FOUNDATION

O F H A W A I I

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February 25, 2020

2019 Administration Proposals			
Dept./No.	Description	Senate	House
AGR-04	Extends the important agricultural land credit to 2030.	SB 2833	HB 2277 HD1
CCA-07	Technical changes to insurance premium tax.	SB 2876	HB 2320 HD1
HTH-09	Includes e-cigarettes within tobacco tax law. Increases fees for tobacco license and retail tobacco permit.	SB 2902 SD1	HB 2346 HD2
LNR-08	Adds a TAT earmark of \$5M for the state parks special fund to cover lifeguard service expenses at state park beaches.	SB 2915 SD1	HB 2359
TAX-01	Conforms Hawaii income and estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended as of 12/31/2019. Removes decoupling from IRC 512(a)(7), which was repealed retroactively by Congress.	SB 2920 SD1	HB 2364
TAX-02	Requires the annual withholding return to be filed by Jan. 31. Adds penalties for noncompliance.	SB 2921	HB 2365
TAX-03	In the TAT law, replaces criminal liability with a fining system. Technical changes, including incorporation of personal liability (by x-ref to HRS 237-41.5)	SB 2922 SD1	HB 2366
TAX-04	Allows the Department of Taxation to mandate the electronic filing of partnership and S-corporation returns if the taxpayer's gross receipts exceed \$250,000. Requires certain tax return preparers to file returns electronically. Removes the authority of the department to charge for certified copies of tax clearances. Clarifies the interest rate for payments made to taxpayers out of the litigated claims fund.	SB 2923 SD1	HB 2367
TAX-05	Applies rental motor vehicle tax to ridesharing marketplace facilitators.	SB 2924	HB 2368 HD1
TAX-10 (2019)	Makes various technical amendments to chapters 231, 243, 244D, and 245, HRS. <i>Eff. upon approval.</i>	SB 1275 SD1	HB 1049 HD1*

Legislative Tax Proposals				
Tax	Bill No.	Description	Status	Companion
Income	HB 202 HD1*	Repeals the renewable energy technologies tax credit for solar energy systems and wind-powered energy systems for commercial properties for taxable years beginning after December 31, 2019, except for taxpayers subject to a power purchase agreement approved by a decision and order issued by the PUC prior to December 31, 2019. Increases the renewable energy technologies tax credit for solar water heater systems, other solar energy systems, and wind-powered energy systems for multi-family residential properties. Makes the renewable energy technologies tax credit unavailable after 12/31/2045. <i>Eff. 7/1/2050.</i>	3rd	

	HB 1685 HD1	Establishes an income tax credit for investment in qualified businesses that develop cybersecurity and artificial intelligence. <i>Eff. 7/1/2112.</i>	FIN	
	HB 1757 HD1	Establishes a tax credit of 30% of the actual cost, including installation, materials, water and permitting fees, and any related charges, of an automatic fire sprinkler system in any one- and two-family dwelling in a structure used only for residential purposes. <i>Eff. 7/1/2050. Sunsets 6/30/2030</i>	FIN	SB 2131
	HB 1958 HD1	Amends the income tax credit for expenses for household and dependent care services necessary for gainful employment by changing the taxpayer's applicable percentage of employment-related expenses that constitutes the tax credit and cap amount. <i>Eff. 12/31/2059.</i>	3rd	
	HB 2075 HD1	Raises the annual rolling cap for the motion picture, digital media and film production income tax credit to \$_____. <i>Eff. 7/1/2112.</i>	FIN	
	HB 2385*	Adds 12% and 13% income tax brackets for taxable years beginning after 12/31/2020. <i>Eff. TYBA 12/31/2020.</i>	3rd	
	HB 2462 HD1	Establishes an income tax credit of up to \$2,500 per new electric vehicle that costs up to \$50,000. Sunsets on 12/31/2028. <i>Eff. 7/1/2050.</i>	FIN	
	SB 2094	Amends the important agricultural land qualified agricultural cost tax credit by repealing the cap amount of the tax credit. Extends by 9 years the time period that the Department of Agriculture may certify important agricultural lands qualified agricultural costs. <i>Upon approval applies TYBA 12/31/19.</i>	WAM	
	SB 3007 SD1	Requires the Department of Business, Economic Development, and Tourism to make a public disclosure identifying the names of the taxpayers who are receiving tax credits and the total amount of tax credit received for specific economic activities. <i>Upon approval applies TYBA 12/31/2020.</i>	WAM	
	SB 3036 SD1*	Provides that a power purchase agreement approved by the public utilities commission prior to 12/31/2019 shall receive 35% of the actual cost or \$500,000 per solar energy system. Provides that a project is eligible to receive a tax credit only if a project has a power purchase agreement that is approved by the Public Utilities Commission or is filed with or pending approval by the Commission.	3rd	HB-2039
	SB 3124*	Amends the income tax rates by changing the tax brackets beginning after 12/31/2020	3rd	
General Excise/Use	HB 1633 HD1*	Exempts gross receipts from the sale of auditory devices, such as hearing aids, from the general excise tax. Also exempts repair of prosthetic devices (parts and labor). <i>Eff. 7/1/2050.</i>	HLT, FIN	SB-2245
	HB 1776 HD1*	Extends the period in which a county may adopt a surcharge on state tax, under certain conditions, from 3/31/2019 to 6/30/2021. <i>Eff. Upon approval.</i>	3rd	SB 2167

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	HB 1990 HD2	Permanently directs specified percentages of the general excise tax revenues to a new educational infrastructure special fund and to the highway fund. Directs specified percentages of revenues from a new, temporary state improvement surcharge (0.5% more on top of GET) to these and other state funds. <i>Eff. 7/1/2050.</i>	3rd	
	HB 2430 HD1*	Promotes menstrual equity by providing an exemption from the GET, beginning October 1, 2020, for the sale of feminine hygiene products in the State. Appropriates funds to the DOE to make feminine hygiene products available to students for free on public secondary school campuses. <i>Eff. 7/1/2050.</i>	3rd	SB 3016
	HB 2448 HD1	Provides that the GET affordable housing exemption applies once the qualified person or firm has filed or recorded the regulatory agreement in land court or the bureau of conveyances, whichever is appropriate. <i>Eff. 7/1/2025.</i>	3rd	SB 2968
	HB 2578 HD1	Exempts the costs of construction of work or improvements of a redevelopment project from general excise and use taxes. Takes effect upon the County of Hawaii repealing the Banyan Drive Hawaii redevelopment agency. <i>Eff. 7/1/2050.</i>	3rd	SB 3115
	HB 2648	Extends the period that a county may adopt a surcharge on state tax, under certain conditions, from 3/31/2019 to 9/30/2020. Allows a county with a population equal to or less than five hundred thousand that adopts a surcharge on state tax to use surcharge revenues for disaster relief. <i>Eff. 7/1/2020.</i>	FIN	SB 2686 SD1
	SB 1433 SD1	Extends the period in which a county may adopt an ordinance to establish a surcharge on GET, from 3/31/2019 to 3/31/2021. <i>Eff. upon approval.</i>	FIN	
	SB 2140	Extends the period in which a county may adopt a surcharge on state tax, under certain conditions, from 3/31/2019 to 6/30/2021. <i>Eff. upon approval.</i>	1st	HB 1715
	SB 2542 SD1*	Beginning January 1, 2021, provides a general excise tax exemption for medical services by physicians and advanced practice registered nurses acting in the capacity as a primary care provider. <i>Eff. 7/1/2020.</i>	3rd	HB 2228 HD1
	SB 3138 SD1	Removes limit on costs eligible for exemption from general excise tax for development costs of affordable rental housing certified by the Hawaii housing finance and development corporation. <i>Eff. 7/1/2020.</i>	WAM	
Transient Accom.	HB 1622 HD1	Amends the allocation of TAT for operation of a Hawaiian center and a museum of Hawaiian music and dance to also include development of the center and museum. <i>Eff. upon approval.</i>	3rd	
	HB 1944 HD1	Allocates funds from TAT revenue directly to the Hawaii Tourism Authority, rather than through the Special Land and Development Fund, to improve certain state resources and services. <i>Eff. on 7/1/2099.</i>	3rd	SB 3112

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	HB 1945 HD1	Allocates TAT revenues into the tourism special fund and appropriates funds for the Hawaii tourism authority (HTA) and Hawaii Lodging and Tourism Association to address homelessness in tourist and resort areas, subject to private matching funds. <i>Eff. 7/1/2099.</i>	3rd	
	HB 1946 HD1	Amends the amount of transient accommodations tax revenues allocated to the counties from a specified sum to capped reimbursements to the county for expenditures related to specified county public services. Appropriates funds to the department of budget and finance for costs and expenses incurred in the development, implementation, or support, including operational costs and costs for necessary staffing, needed to effectuate this measure. <i>Eff. 7/1/2099.</i>	3rd	
Fuel	HB 1844 HD1	Creates the clean energy and energy efficiency revolving loan fund under the administration of the Hawaii Green Infrastructure Authority. Repeals the building energy efficiency revolving loan fund. Allocates a portion of the barrel tax to the clean energy and energy efficiency revolving loan fund. Appropriates funds. <i>Effective 7/1/2050.</i>	FIN	SB 2564 SD1
	HB 1850	Allows the chief energy officer to contract with Hawaii not-for-profit entities to administer expenditures from the energy security special fund. Increases the allocation from the barrel tax to that fund from 5 cents to 15 cents per barrel. <i>Effective 7/1/2050.</i>	3rd	SB 2559 SD1
	SB 2777	Establishes the Environmental Council Special Fund; dedicates 0.005 per cent of the barrel tax to that fund. <i>Eff. upon approval.</i>	WAM	
	SB 3150 SD1	Amends the barrel tax to address carbon emissions. Increases the tax rate to effectively set a price of \$40 per metric ton of carbon dioxide emissions in 2021. Increases the tax rate over time so that, in 2030, the tax rate shall be equivalent to a carbon price of \$80 per metric ton of carbon emissions. Establishes a refundable tax credit for individuals earning sixty per cent or less of the area median income. <i>Eff. 1/1/2022.</i>	WAM	HB 2654
Liquor	HB 2726 HD1	Includes certain spirits-based beverages in the definition of cooler beverage. Establishes a separate tax rate for beer for small craft producer pubs. <i>Takes effect on 7/1/2112.</i>	FIN	
Tobacco	SB 2101 SD1	Reduces the excise tax rate on large cigars to the lesser of ___ cents or ___% of the wholesale price. <i>Effective 7/1/2050.</i>	3rd	
	SB 2227 SD1	Requires that e-liquid and electronic smoking devices be included within the definition of "tobacco products", as used in the cigarette tax and tobacco tax law. Increases the license fee for persons engaged as a wholesaler or dealer of cigarettes and tobacco products. Increases the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products. Allocates a portion of funds collected on	JDC/WAM	

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		excise taxes on tobacco products to fund health education, prevention, and nicotine cessation programs for youth. <i>Effective 9/1/2020.</i>		
	SB 2301 SD1	Establishes a cigarette litter abatement excise tax of __ cents per cigarette, the proceeds of which shall be deposited into a cigarette litter abatement special fund. That fund shall be used to cover the costs of collecting and removing cigarette litter and providing outreach and education to curb improper cigarette litter disposal. Appropriates funds. <i>Eff. 7/1/2020.</i>	WAM	
Conveyance	HB 1644	Requires that the certificate of conveyance filed with the director of taxation include the names and addresses of limited liability company officers, directors, and members or managers. <i>Effective 7/1/2050.</i>	FIN	
	SB 2040	Establishes a surcharge equal to twenty-five per cent of the net proceeds from the sale of certain residential property within a period of five years after the date of purchase if the owner is ineligible for a county homeowner's exemption on property tax. ("Flippin' Surcharge") <i>Eff. 7/1/2020.</i>	WAM	
	SB 2356	Removes the monetary cap for the amount of conveyance taxes collected that can be paid into the land conservation fund. <i>Eff. 7/1/2020.</i>	WAM	
	SB 2668 SD1*	Increases the percentage of the land conservation fund that may be used for costs related to the operation, maintenance, and management of lands acquired by the fund. Increases the maximum dollar amount of the conveyance tax distribution to the land conservation fund. Appropriates funds from the land conservation fund for resource land acquisition. <i>Eff. 7/1/2020.</i>	3rd	
	SB 3062 SD1	Removes the cap to be paid into the rental housing revolving fund from Conveyance Tax revenues. <i>Eff. 7/1/2020.</i>	WAM	
	SB 3104 SD1	Exempts from the definition of public lands, lands set aside by the governor or leased by any state department or agency to the Hawaii housing finance and development corporation for a period not to exceed ninety-nine years, for the primary purposes of developing affordable housing. Among other things, removes the existing statutory cap on the amount of conveyance tax revenues that are deposited into the rental housing revolving fund each fiscal year. <i>Eff. 7/1/3000.</i>	WAM	HB 2542
Rental Motor Vehicle Surcharge Tax	HB 1930 HD1	Changes the amount of the rental motor vehicle surcharge tax from \$5 to an unspecified amount. <i>Effective 7/1/2050.</i>	3rd	SB 2688
	SB 2687 SD1*	Increases the amount of the rental motor vehicle surcharge tax from \$5 to \$8 for any county with a resident population of more than 125,000, but less than 195,000. Sets aside the revenue from the increased surcharge tax for capacity projects in that county. With regards to the County of Maui, prioritizes	3rd	HB 1931

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		funds collected pursuant to this Act to be used for the Honoapiilani highway realignment project. <i>Eff. 1/1/2021.</i>		
Misc.	HB 1680 HD1*	Establishes a prepaid wireless E911 surcharge of 1.5% to be imposed on prepaid wireless telecommunications services purchased at a retail transaction. Allows sellers to deduct and retain 3% for administrative expenses. Lowers the enhanced 911 surcharge rate from 66¢ to 60¢. <i>Eff. 7/1/2050.</i>	3rd	
	HB 1821	Prohibits declaratory judgments when there is a cause of action and in other certain instances. Requires a plaintiff to show a personal stake in the actual controversy beyond a general disagreement or complaint by requiring a showing of an injury-in-fact. <i>Eff. upon approval.</i>	JUD	SB-2810
	HB 2399 HD1	Amends provisions relating to the short-term investment of state moneys, including the types of financial instruments in which state moneys may be invested. Requires annual report to the legislature. <i>Effective 1/1/2050.</i>	3rd	
	SB 2696 SD1*	Requires the office of planning to conduct a feasibility study on assessing tourism green fees. <i>Effective 12/31/33.</i>	3rd	HB-2719
Real Property	SB 2074 SD1*	ConAm to authorize the State legislature to establish a surcharge on taxation of real property near rapid transit stations for the purpose of funding infrastructure improvements in those areas.	3rd	

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