

TAX FOUNDATION

O F H A W A I I

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February 23, 2021

2019 Administration Proposals			
Dept./No.	Description	Senate	House
AGR-06	Extends the important agricultural land credit to 2031, but claimants must wait 3 years before claiming it	SB1028	HB874
BED-14	Enacts a cap on research activities credit per taxpayer and related entities, consolidates survey and certification requirements	SB1066	HB912
BUF-20	Suspends annual required contributions to Employer-Union Trust Fund for FY 2024 and 2025	SB1087 SD1	HB933
BUF-25	Raids special funds	SB1091 SD1	HB937
BUF-26	Suspends earmarks on the conveyance tax for FY 2022 and 2023	SB1092 SD1	HB938
HHL-06	GET exemption for housing developed by DHHL	SB1121 SD2	HB967
HTH-11	Taxes e-liquids used in electronic smoking devices under tobacco tax. Increases fees for tobacco products wholesaler license, retail tobacco permit.	SB1147 SD1	HB993
HTH-13	Removes ceiling on dietitian licensure special fund	SB1149 SD1	HB995
TAX-01	Conforms Hawaii income and estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended as of 12/31/2020.	SB1195	HB1041 HD1
TAX-02	Requires the annual withholding return to be filed by Jan. 31. Adds penalties for noncompliance.	SB1196 SD1	HB1042
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)	SB1197	HB1043 HD2
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.	SB1198 SD1	HB1044 HD1
TAX-05	Updates information returns required by collectors of rent and rent from transient accommodations	SB1199	HB1045 HD1
TAX-07	Requires GET licenses to be renewed biennially	SB1201 SD1	HB1047 HD1
TAX-08	Technical amendments to tobacco, liquor, fuel taxes	SB1202 SD1	HB1048 HD1
TAX-09	Technical cleanup to several different tax types	SB1203 SD1	HB1049 HD1
TAX-10	Consolidates Taxation Boards of Review into one board for entire state	SB1204 SD1	HB1050

Legislative Tax Proposals				
Tax	Bill No.	Description	Status	Companion
Administration and Appeals				
	SB320	Requires use of the PTIN for paid preparers. Establishes penalties for noncompliance. <i>Eff. 7/1/2022.</i>	JDC/WAM	
	SB818	Allows the department of taxation to seek sale of the property through nonjudicial foreclosure of vacant and abandoned residential properties with outstanding recorded state tax liens at any time after establishing vacancy and abandonment. <i>Eff. upon approval.</i>	WAM	
	HB184	Clarifies that filing fees for tax appeals are nonrefundable and that no deposits are required for tax appeals. <i>Eff. upon approval.</i>	FIN	SB384
Income				
	SB202	Eliminates the home mortgage interest deduction for second homes under Hawaii income tax law. Requires the amount of state revenue gained by eliminating the deduction to be deposited into the rental housing revolving fund. <i>SB eff. TYBA 12/31/2010, HB eff. 7/1/2050.</i>	WAM	HB1388 HD1
	SB339 SD2	Extends the time that the department of agriculture may certify the important agricultural land qualified agricultural costs tax credit from 12/31/2021 to 12/31/2030. Requires the taxpayer to claim the credit in the third taxable year after application. <i>Eff. 7/1/2050.</i>	3rd	HB330
	SB341 SD1	Establishes an exemption from state income tax for the first \$100,000 of a person's income from the business of taro cultivation or production. <i>Eff. TYBA 12/31/2020.</i>	WAM	HB694
	SB478 SD1	Creates an exclusion from income tax for the lesser of a percentage of gross annual income or an amount of gross annual income earned by a farmer from farming activities. <i>Eff. TYBA 12/31/2020.</i>	WAM	HB370
	SB496 SD1	Establishes a task force to identify the top ten fruits or vegetables that are imported into the State but may be commercially grown in the State. Creates a 100% income tax credit to incentivize the production of those fruits or vegetables. <i>Eff. TYBA 12/31/2022.</i>	WAM	HB94
	SB497 SD1	Creates a nonrefundable income tax credit to incentivize the food manufacturing industry in the State. <i>Eff. TYBA 12/31/2021.</i>	WAM	HB322
	SB514 SD1	Provides a tax credit to taxpayers and makes deposits to the emergency and budget reserve fund and other post-employment benefits trust fund pursuant to article VII, section 6, of the Hawaii Constitution. <i>Eff. 7/1/2021.</i>	FIN	
	SB614 SD1	Retroactively exempts from state income tax, unemployment compensation received from 3/1/2020, to 12/31/20. Requires	WAM	

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		DOTAX to retroactively refund state income tax deducted and withheld from individuals for unemployment compensation during that time period. <i>Eff. 7/1/2050.</i>		
	SB659 SD1	Allows the low income housing tax credit to be allocated among the partners or members of the taxpayer earning the credit in any manner by the parties. Extends increases made to the low income housing tax credit from 12/31/21 to 12/31/27. <i>Eff. TYBA 12/31/2020.</i>	WAM	HB378
	SB662 SD1	Requires that new income tax credits established or renewed after 12/31/2021 include a 5-year sunset or an annual reduction. <i>Eff. 7/1/2021.</i>	3rd	HB1145
	SB868 SD1	Creates income brackets for the low-income renter tax credit. Annually adjusts the tax credit amount based on the consumer price index. <i>Eff. TYBA 12/31/2021.</i>	WAM	
	SB921 SD1	Amends the motion picture / film production income tax credit by reducing the total tax credits claimed per qualified production to \$12,000,000. Requires DBEDT to make a public disclosure identifying the names of the taxpayers who are receiving the tax credits and the total amount of tax credit received.	WAM	
	SB927 SD1	Limits the exclusion for proceeds derived from qualified high tech business stock or options to \$50,000, HI residents only. <i>Eff. TYBA 12/31/2020.</i>	WAM	HB316
	SB1237 SD1	Halves the per-system cap amounts for solar heating, other solar (photovoltaic, for example), and wind energy systems. <i>Eff. 1/1/2022.</i>	WAM	HB1173
	SB1240 SD1	Requires the State to conform to those provisions of the Consolidated Appropriations Act of 2021 relating to taxable income and deductible expenses. <i>Eff. 2050.</i>	FIN	HB1116 HD1
	HB80 HD1	Clarifies when and how members or partners of a taxpayer may claim the low-income housing tax credit. Requires a Form 8609 for purposes of claiming the tax credit. Specifies the application of tax provisions with respect to buildings or projects in service in 2020 and later. Extends the sunset date of Act 129, SLH 2016, to 12/31/2027. <i>Eff. 7/1/2050.</i>	FIN	
	HB131 HD1	Increase low-income household renters credit and index it for inflation. <i>HB eff. 7/1/2050, SB eff. TYBA 12/31/2020.</i>	FIN	SB302 SD1
	HB133 HD1	Increases the capital gains tax maximum from 7.25% to 9%. <i>Eff. 7/1/2050.</i>	FIN	SB154
	HB286 HD1	Requires real estate investment trusts to notify DOTAX of its presence within the State and to report the assets and revenues generated annually. Imposes a daily monetary fine for noncompliance. <i>Eff. 7/1/2050.</i>	FIN	SB786
	HB306 HD1	Amends the definition of "preceptor" and "volunteer-based supervised clinical training rotation" to improve accessibility for providers to receive income tax credits for acting as	FIN	SB976 SD1

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		preceptors. Includes the director of health on the preceptor credit assurance committee. Effective 7/1/2060.		
	HB432	Extends the earned income tax credit by five years. <i>Eff. upon approval.</i>	FIN	
	HB510 HD1	Establishes a refundable \$25 (\$50 joint with 2 cars) vehicle registration fee tax credit for persons who are eligible for a food/excise tax credit greater than \$0. <i>Eff. 7/1/2050.</i>	FIN	
	HB514 HD1	Establishes an income tax credit for employers who create on site early childhood facilities. <i>Eff. 7/1/2050.</i>	FIN	
	HB684 HD1	Income tax credit to buy, or convert existing buses to, hydrogen-powered buses. <i>Eff. 7/1/2050.</i>	FIN	
	HB791 HD1	Establishes a nonrefundable state income tax credit for certain expenses incurred by pre-K through grade 12 teachers, instructors, school librarians, counselors, principals, registrars, or aides in a school. <i>Eff. 7/1/2050.</i>	FIN	
	HB1174 HD1	Amends motion picture production credit: by: (1) Reducing the cap amount and aggregate cap amount of the credit; (2) Establishing a maximum amount of above-the-line costs that may be used to claim the credit; (3) Reducing the minimum amount of qualified productions costs needed to claim the credit; (4) Requiring qualified production costs to be incurred through a qualified vendor; (5) Requiring at least 75% of a qualified production to be filmed in the State if the taxpayer claims a credit in excess of \$5,000,000 in a single taxable year. Extends sunset of credit to 1/1/2033. <i>Eff. 7/1/2050.</i>	FIN	
	HB1273 HD1	Requires DBEDT to publicly identify the taxpayers who are receiving certain tax credits and the total amount of tax credit received for specific economic activities. <i>Eff. 7/1/2050.</i>	FIN	SB937
General Excise/Use				
	SB1 SD1	Establishes the ALOHA Homes program where government buys lands and leases to qualified residents. Provides a GET exemption for sale of such leases. <i>Eff. 7/1/2021.</i>	WAM	HB607
	SB361 SD1	Provides a GET exemption for groceries eligible under SNAP, regardless of the means of purchase and the SNAP eligibility of the purchaser. <i>Eff. TYBA 12/31/2021.</i>	WAM	
	SB594 SD1	Authorizes the director of taxation to exempt a taxpayer whose annual general excise tax liability does not exceed \$100 from monthly, quarterly, or semiannual general excise tax filing requirements, provided that the taxpayer files an annual return. <i>Eff. TYBA 12/31/2021.</i>	ECD	
	SB645 SD1	Extends the period in which a county may adopt a surcharge on state tax to 7/1/2023. Authorizes surcharge revenues for affordable and workforce housing infrastructure. <i>Eff. upon approval. HB extends to 12/31/2021, eff. 1/1/2055.</i>	WAM	HB1146 HD1

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	SB815 SD1	Any difference between the DOE appropriations from the last fiscal year to the current one, is sequestered from tax collections and deposited into the newly created public education stabilization trust fund. <i>Eff. 7/1/2050.</i>	WAM	HB611 HD1
	SB1121 SD2	Exempts any housing development for DHHL from GET. <i>Eff. 7/1/2050.</i>	3rd	HB967
	SB1309 SD1	Funds an electric vehicle incentive program by imposing a 10% GET on the sale proceeds in excess of \$60,000, of vehicles that are not zero-emission. <i>Eff. 1/1/2050.</i>	WAM	
	HB194 HD1	Extends the period in which a county may adopt a surcharge on state tax, under certain conditions, from 3/31/2019 to 6/30/2022. <i>Eff. 7/1/2050.</i>	FIN	SB446
	HB1142 HD2	Establishes a GET surcharge on the sale of gasoline-powered vehicles over \$60,000, to fund the installation of electric vehicle charging systems. <i>Eff. 7/1/2050, repealed 6/30/2030.</i>	FIN	
	HB1144 HD2	Exempts from GET amounts received from the interisland transportation and related loading and unloading of livestock. Requires the public utilities commission to authorize preferential water carrier service rates by tariff. <i>Eff. 1/1/2050.</i>	FIN	SB1253
	HB1184 HD1	Exempts the sale of precious metal bullion from the general excise tax. <i>Eff. 7/1/2050.</i>	FIN	
Transient Accommodations				
	SB139 SD1	Revises county allocations of transient accommodations tax revenues to reflect the growth in population of each respective county. <i>Eff. 7/1/2021.</i>	WAM	
	SB666 SD1	Establishes a green fee surcharge of \$20 per visit on transient accommodations for the purposes of funding workforce and services that promote certain environmental goals, contingent upon reaching 5 million visitor arrivals in the previous year. Repeals on June 30, 2031.	WAM	HB805
	SB775 SD1	Automatically adds (or subtracts) 1 percentage point to the TAT rate per million visitor arrivals over (or under) 6 million in a year, but not below 6%. This happens annually until 2030. <i>Eff. 1/1/2022.</i>	WAM	
	SB916 SD1	Specifies that the \$1,000,000 of TAT revenues currently allocated to operate a Hawaiian center and the museum of Hawaiian music and dance may be used to plan, design, and construct these facilities at an unspecified location in Waikiki. <i>Eff. 7/1/2021.</i>	WAM	HB1165
	SB1023 SD1	Earmarks \$750K of TAT to provide funding for Iolani Palace and \$1.5M for Bishop Museum. <i>Eff. 7/1/2021.</i>	WAM	
	HB321 HD1	Repeals earmarks on TAT to Turtle Bay, Hawaiian center and the museum of Hawaiian music and dance, counties, and special land and development fund. HB also changes earmarks	FIN	SB926

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		to convention center enterprise special fund and tourism special fund to unspecified amounts. <i>Eff. 7/1/2021.</i>		
Fuel				
	SB493 SD1	Establishes Hawaii agriculture and forest carbon positive incentive program. Funds it by earmarking the barrel tax. <i>Eff. upon approval.</i>	WAM	
Liquor				
	SB565 SD1	Expands the definition of “beer” to specify an alcohol by volume of no less than 0.5 percent and to include alcoholic seltzer beverages. <i>SB eff. 1/1/2022. HB eff. 7/1/2050.</i>	JDC	HB593 HD1
	HB137 HD1	Provides that violations of liquor tax law shall be referred to the director of taxation for investigation. Repeals the general right of inspection without a warrant for potential violations of liquor tax law. <i>Eff. 1/1/2050.</i>	FIN	
Tobacco				
	HB476 HD2	Imposes a fifty per cent tax on products with a modified risk tobacco product order issued by the Secretary of the United States Department of Health and Human Services. Establishes taxation of e-liquids used in electronic smoking devices. Requires wholesalers and dealers to be licensed. Requires retailers of tobacco and e-liquids to obtain permits. Effective 7/1/2060.	FIN	
	HB598 HD2	Taxes e-liquids used in electronic smoking devices under tobacco tax. Increases fees for tobacco products wholesaler license, retail tobacco permit. <i>Eff. 7/1/2050.</i>	FIN	SB621
Conveyance				
	SB871 SD1	Lowers conveyance tax rates for properties with a value under \$2,000,000. Increases conveyance tax rates for investment properties to 3% regardless of value. Earmarks a percentage of conveyance taxes collected to be deposited into the housing finance revolving fund. <i>Eff. 1/1/2022.</i>	WAM	HB624
	HB58 HD1	Temporarily suspends earmarks to land conservation fund and rental housing revolving fund. <i>Eff. 1/1/2050.</i>	FIN	
Rental Motor Vehicle Surcharge				
	SB155	Authorizes peer-to-peer car-sharing. Establishes the peer-to-peer car sharing surcharge tax. <i>Eff. upon approval.</i>	TRS	
	SB646 SD1	Increases RVST from \$5 to \$8 for any county with population more than 125,000, but less than 195,000 (i.e., Maui). Sets aside the revenue from the increased surcharge tax for capacity projects in that county. <i>Eff. 1/1/2050.</i>	WAM	
	HB333 HD1	Authorizes peer-to-peer car-sharing. Establishes the peer-to-peer car sharing surcharge tax. <i>Eff. 7/1/2050.</i>	FIN	

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	HB433 HD1	Assesses a climate change mitigation impact fee of \$___ per day on every customer who rents, leases, or, utilizes a rental motor vehicle. <i>Eff. 7/1/2050.</i>	CPC	
	HB485 HD1	Increases the amount of the rental motor vehicle surcharge tax from \$5 to \$___. <i>Eff. 7/1/2050.</i>	CPC	
Estate				
	HB445 HD1	Lowers applicable exclusion amount to \$_____. <i>Eff. 1/1/2050.</i> SB lowers exclusion amount to \$1M. <i>Eff. 12/31/2020.</i>	FIN	SB1300

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Unemployment				
	HB1278 HD1	Requires the director of labor and industrial relations to omit benefits charged for experience rating for employers due to the event of COVID-19 in calendar years 2021 and 2022. For calendar years 2021 and 2022, sets the employer contribution rate schedule D. <i>Eff. upon approval, retro. to 1/1/2021.</i>	Final	
Multiple Tax Types				
	SB767 SD1	[General Excise, Net Income] Legalizes the personal use, possession, and sale of cannabis. Subjects cannabis establishments to GE and income taxes (no enhanced rates yet). <i>Eff. upon approval.</i>	WAM	
	HB1314 HD1	[Net Income, Real Property, Transient Accom] Authorizes each county to levy a county surcharge on TAT if the county satisfies certain real property tax requirements, including setting all property tax rates at least \$15 per \$1000 by 2031, increase home exemption to at least \$ ___, and lower the minimum age for home exemption to ___. Repeals the allocation of TAT to the counties. Establishes a residential property owner tax credit and a residential circuit breaker tax credit. Phases down the net income tax so that it phases out by 2030. <i>Eff. upon approval.</i>	FIN	
Miscellaneous				
	SB26 SD1	Establishes the procedures for a housing savings account system for all employees in the State. Provides no tax benefits. <i>Eff. upon approval.</i>	WAM/JDC	
	SB223 SD1	Requires contractors and subcontractors to submit tax clearances as a condition of: (1) obtaining building permits for private developments exceeding a certain value; (2) assigning a contract for private developments exceeding a certain value; and (3) obtaining final inspection of private developments exceeding a certain value. DOTAX may require that tax clearance applications be submitted electronically. Establishes penalties. <i>Eff. 1/1/2022, repeals 12/31/2026.</i>	WAM/JDC	
	SB468	Repeals the school impact fee exemptions for nonresidential development and housing subject to the transient accommodations tax when seeking development in a designated school impact district	WAM/JDC	HB367
	SB816 SD1	Creates a state lottery to begin by 1/1/2023. Creates the state lottery commission, state lottery account, and lottery administration account. Requires some lottery revenues to be deposited into the administrative account, general fund, and special funds for university facilities and operations and public school operations. <i>Eff. upon approval.</i>	JDC/WAM	
	HB59 HD1	Repeals, abolishes, or reclassifies various non-general funds of DBEDT. <i>Eff. 7/1/2050.</i>	FIN	

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	HB60 HD1	Abolishes or reclassifies various funds administered by DCCA. <i>Eff. 1/1/2050.</i>	FIN	
	HB61 HD1	Reclassifies or repeals non-general funds of the Department of Hawaiian Home Lands or Judiciary. <i>Eff. 7/1/3021.</i>	FIN	
	HB62 HD1	Repeals or reclassifies non-general funds of the University of Hawaii. <i>Eff. 7/1/2060.</i>	FIN	
	HB63 HD1	Reclassifies various funds administered by the Department of Attorney General. <i>Eff. 7/1/2060.</i>	JHA	
	HB64	Abolishes, repeals, or reclassifies various non-general funds of the department of transportation. <i>Eff. 7/1/2021.</i>	TRN	
	HB65 HD1	Requires a tax clearance before a professional or vocational license may be issued or renewed. <i>Eff. 1/1/2050.</i>	FIN	
	HB100 HD1	Increases the inspection, quarantine, and eradication service fee from 75 cents to \$1.50 for every 1,000 pounds of freight or part thereof brought into the State. <i>Eff. upon approval.</i>	FIN	SB491
	HB605 HD2	SB establishes housing savings accounts that would offer no tax benefits. HB requires LRB to do a study on them. HB eff. 7/1/2050. SB <i>Eff. upon approval.</i>	CPC	SB5
	HB753 HD1	Excludes housing developed by the department of Hawaiian home lands from school impact fees. <i>Eff. 1/1/2050.</i>	FIN	
	HB777 HD1	Authorizes funds from the works of art special fund to be used for Bishop Museum and Iolani Palace. <i>Eff. 7/1/2065. Sunsets 6/30/2022.</i>	FIN	
	HB1114 HD1	Repeals or reclassifies certain non-general funds of the Hawaii public housing authority. <i>Eff. 7/1/2050.</i>	FIN	
	HB1296	Repeals the tobacco enforcement special fund, Hawaii tobacco settlement special fund, and Hawaii tobacco prevention and control trust fund and transfers unencumbered balances to the general fund. Appropriates general funds to the university revenue-undertakings fund. <i>Eff. 7/1/2021.</i>	FIN	

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