

# TAX FOUNDATION

O F H A W A I I

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March 8, 2021

2021 Administration Proposals			
Dept./No.	Description	Senate	House
BUF-20	Suspends annual required contributions to Employer-Union Trust Fund for FY 2024 and 2025	<a href="#">SB1087</a> <a href="#">SD1</a>	<a href="#">HB933</a>
BUF-25	Raids special funds	<a href="#">SB1091</a> <a href="#">SD2</a>	<a href="#">HB937</a>
BUF-26	Suspends earmarks on the conveyance tax for FY 2022 and 2023	<a href="#">SB1092</a> <a href="#">SD1</a>	<a href="#">HB938</a>
HHL-06	GET exemption for housing developed by DHHL	<a href="#">SB1121</a> <a href="#">SD2</a>	<a href="#">HB967</a>
HTH-11	Taxes e-liquids used in electronic smoking devices under tobacco tax. Increases fees for tobacco products wholesaler license, retail tobacco permit.	<a href="#">SB1147</a> <a href="#">SD2</a>	<a href="#">HB993</a>
HTH-13	Removes ceiling on dietitian licensure special fund	<a href="#">SB1149</a> <a href="#">SD2</a>	<a href="#">HB995</a>
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.	<a href="#">SB1195</a>	<a href="#">HB1041</a> <a href="#">HD1</a>
TAX-02	Requires the annual withholding return to be filed by Jan. 31. Adds penalties for noncompliance.	<a href="#">SB1196</a> <a href="#">SD2</a>	<a href="#">HB1042</a>
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)	<a href="#">SB1197</a>	<a href="#">HB1043</a> <a href="#">HD3</a>
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.	<a href="#">SB1198</a> <a href="#">SD2</a>	<a href="#">HB1044</a> <a href="#">HD1</a>
TAX-08	Technical amendments to tobacco, liquor, fuel taxes	<a href="#">SB1202</a> <a href="#">SD1</a>	<a href="#">HB1048</a> <a href="#">HD1</a>
TAX-09	Technical cleanup to several different tax types	<a href="#">SB1203</a> <a href="#">SD1</a>	<a href="#">HB1049</a> <a href="#">HD1</a>
TAX-10	Consolidates Taxation Boards of Review into one board for entire state	<a href="#">SB1204</a> <a href="#">SD2</a>	<a href="#">HB1050</a>

Legislative Tax Proposals				
Tax	Bill No.	Description	Status	Companion
<b>Administration and Appeals</b>				
	<a href="#">SB320</a>	Requires use of the PTIN for paid preparers. Establishes penalties for noncompliance. <i>Eff. 7/1/2022.</i>	3rd	

	<a href="#">SB384</a>	Clarifies that filing fees for tax appeals are nonrefundable and that no deposits are required for tax appeals. <i>Eff. upon approval.</i>	JHA	<a href="#">HB184</a>
	<a href="#">SB787</a> <a href="#">SD2</a>	Requires that revenue estimates provided by the department of taxation to the legislature or to any executive or administrative office be accompanied by a description of the methodology used and assumptions made in providing the estimate. Requires the estimate and description to be open to public disclosure. <i>Eff. 7/1/2050.</i>	3rd	
<b>Income</b>				
	<a href="#">SB339</a> <a href="#">SD2</a>	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>	AGR	<a href="#">HB830</a>
	<a href="#">SB341</a> <a href="#">SD2</a>	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. 7/1/2050.</i>	3rd	<a href="#">HB694</a>
	<a href="#">SB358</a> <a href="#">SD2</a>	Establishes a tax deduction for eligible contributions made by residents of the State into the HI529-Hawaii's College Savings Program. <i>Eff. 7/1/2050.</i>	3rd	
	<a href="#">SB478</a> <a href="#">SD2</a>	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. 7/1/2050.</i>	3rd	<a href="#">HB370</a>
	<a href="#">SB496</a> <a href="#">SD2</a>	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. 7/1/2050.</i>	3rd	<a href="#">HB94</a>
	<a href="#">SB514</a> <a href="#">SD1</a>	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	
	<a href="#">SB614</a> <a href="#">SD2</a>	Retroactively exempts from state income tax, unemployment compensation received from 3/1/2020, to 12/31/20. Requires 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>	3rd	
	<a href="#">SB659</a> <a href="#">SD2</a>	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. 7/1/2050.</i>	3rd	<a href="#">HB378</a>

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	<a href="#">SB662 SD1</a>	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>	ECD	<a href="#">HB1145</a>
	<a href="#">SB867 SD1</a>	Extends the low-income housing tax credit program for 6 years to 12/31/2027. <i>Eff. 7/1/2050.</i>	3rd	
	<a href="#">SB921 SD2</a>	Amends the motion picture / film production income tax credit by reducing the total tax credits claimed per qualified production to \$12,000,000. Requires DOTAX 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. <i>Eff. 7/1/2050.</i>	3rd	
	<a href="#">SB1237 SD2</a>	Halves the per-system cap amounts for solar heating, other solar (photovoltaic, for example), and wind energy systems. <i>Eff. 7/1/2050.</i>	3rd	<a href="#">HB1173</a>
	<a href="#">SB1240 SD1</a>	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>	CPC	<a href="#">HB1116 HD1</a>
	<a href="#">HB80 HD1</a>	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	
	<a href="#">HB131 HD1</a>	Increase low-income household renters credit and index it for inflation. <i>Both eff. 7/1/2050.</i>	3rd	<a href="#">SB302 SD2</a>
	<a href="#">HB133 HD1</a>	Increases the capital gains tax maximum from 7.25% to 9%. <i>Eff. 7/1/2050.</i>	2nd (S)	<a href="#">SB154</a>
	<a href="#">HB286 HD1</a>	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>	2nd (S)	<a href="#">SB786</a>
	<a href="#">HB306 HD1</a>	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 preceptors. Includes the director of health on the preceptor credit assurance committee. <i>Both eff. 7/1/2060.</i>	CPN/HTH	<a href="#">SB976 SD2</a>
	<a href="#">HB432 HD1</a>	Extends the earned income tax credit by five years. <i>Eff. 7/1/2050.</i>	3rd	
	<a href="#">HB510 HD1</a>	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>	Xover	
	<a href="#">HB514 HD1</a>	Establishes an income tax credit for employers who create on site early childhood facilities. <i>Eff. 7/1/2050.</i>	2nd (S)	
	<a href="#">HB1174 HD1</a>	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	Xover	

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		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>		
	<a href="#">HB1273 HD1</a>	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>	2nd (S)	<a href="#">SB937</a>
	<a href="#">HB1388 HD1</a>	Eliminates the home mortgage interest deduction for second homes under Hawaii income tax law. <i>SB56ff. 7/1/2050.</i>	3rd	<a href="#">SB202</a>
<b>General Excise/Use</b>				
	<a href="#">SB1 SD2</a>	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. 7/1/2050.</i>	3rd	<a href="#">HB607</a>
	<a href="#">SB361 SD2</a>	Provides a GET exemption for groceries eligible under SNAP, regardless of the means of purchase and the SNAP eligibility of the purchaser. <i>Eff. 7/1/2050.</i>	3rd	
	<a href="#">SB594 SD1</a>	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	
	<a href="#">SB645 SD2</a>	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. 7/1/2050.</i> HB extends to 12/31/2021, <i>eff. 1/1/2055.</i>	3rd	<a href="#">HB1146 HD1</a>
	<a href="#">SB815 SD2</a>	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>	3rd	<a href="#">HB611 HD1</a>
	<a href="#">HB1142 HD2</a>	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>	2nd (S)	
	<a href="#">HB1144 HD2</a>	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>	3rd	<a href="#">SB1253</a>
	<a href="#">HB1184 HD1</a>	Exempts the sale of precious metal bullion from the general excise tax. <i>Eff. 7/1/2050.</i>	3rd	
<b>Transient Accommodations</b>				
	<a href="#">SB666 SD2</a>	Establishes a green fee surcharge of \$20 per visit on transient accommodations for the purposes of funding workforce and	3rd	<a href="#">HB805</a>

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		services that promote certain environmental goals. <i>Eff. 1/1/2022, repeals on 12/31/2031.</i>		
	<a href="#">SB775</a> <a href="#">SD2</a>	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. 7/1/2050.</i>	3rd	
	<a href="#">SB1023</a> <a href="#">SD2</a>	Earmarks \$750K of TAT to provide funding for Iolani Palace and \$1.5M for Bishop Museum. <i>Eff. 7/1/2050.</i>	3rd	
	<a href="#">HB321</a> <a href="#">HD1</a>	Repeals earmarks on TAT to Turtle Bay, Hawaiian center and the museum of Hawaiian music and dance, counties, and special land and development fund. Changes earmarks to convention center enterprise special fund and tourism special fund to unspecified amounts. <i>Eff. 7/1/2021.</i>	3rd	<a href="#">SB926</a>
<b>Fuel</b>				
	<a href="#">SB493</a> <a href="#">SD2</a>	Establishes Hawaii agriculture and forest carbon positive incentive program. Funds it by earmarking the barrel tax. <i>Eff. 7/1/2050.</i>	3rd	
	<a href="#">HB683</a> <a href="#">HD2</a>	Establishes program to provide matching grants to small business in Hawaii developing products related to sustainable aviation fuel or greenhouse gas reduction from commercial aviation operations. Moneys for the program are from legislative appropriations out of the barrel tax collections. <i>Eff. 7/1/2050.</i>	3rd	
<b>Liquor</b>				
	<a href="#">SB565</a> <a href="#">SD1</a>	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>	Xover	<a href="#">HB593</a> <a href="#">HD1</a>
	<a href="#">HB137</a> <a href="#">HD1</a>	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>	2nd (S)	
<b>Tobacco</b>				
	<a href="#">HB476</a> <a href="#">HD3</a>	Imposes a 50% tax on products with a modified risk tobacco product order issued by USDHHS. 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. <i>Eff. 7/1/2060.</i>	3rd	
	<a href="#">HB598</a> <a href="#">HD2</a>	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>	Xover	<a href="#">SB621</a>

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<b>Conveyance</b>				
	<a href="#">HB58</a> <a href="#">HD1</a>	Temporarily suspends earmarks to land conservation fund and rental housing revolving fund. <i>Eff. 1/1/2050.</i>	Xover	
<b>Rental Motor Vehicle Surcharge</b>				
	<a href="#">SB646</a> <a href="#">SD2</a>	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>	3rd	
	<a href="#">HB333</a> <a href="#">HD3</a>	Authorizes peer-to-peer car-sharing. Establishes the peer-to-peer car sharing surcharge tax. <i>Eff. 7/1/2050.</i>	3rd	
	<a href="#">HB433</a> <a href="#">HD1</a>	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>	3rd	
	<a href="#">HB485</a> <a href="#">HD1</a>	Increases the amount of the rental motor vehicle surcharge tax from \$5 to \$___. <i>Eff. 7/1/2050.</i>	Xover	
<b>Estate</b>				
	<a href="#">HB445</a> <a href="#">HD1</a>	Lowers applicable exclusion amount to \$_____. <i>Eff. 1/1/2050.</i> SB lowers exclusion amount to \$1M. <i>Eff. 12/31/2020.</i>	FIN	<a href="#">SB1300</a>
<b>Unemployment</b>				
	<a href="#">HB1278</a> <a href="#">HD1</a>	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>	<b>ACT 001</b>	
<b>Multiple Tax Types</b>				
	<a href="#">SB56</a> <a href="#">SD1</a>	<b>[Net Income, General Excise, Use, Conveyance]</b> Increases the personal income tax rate in the highest bracket from 11% to 16% for taxable years beginning after 12/31/2020. Increases the tax on capital gains to a maximum 11%. Increases the corporate income tax and establishes a single corporate income tax rate of 9.6%. From 7/1/2021 through 6/30/23, repeals certain general excise tax exemptions. Increases conveyance taxes for the sale of properties valued at \$4,000,000 or greater, to a max rate of 5%. <i>Eff. 7/1/2021.</i>	3rd	<a href="#">HB3</a>
	<a href="#">SB767</a> <a href="#">SD2</a>	<b>[General Excise, Net Income]</b> Legalizes the personal use, possession, and sale of cannabis. This draft contains no special tax provisions. <i>Eff. 5/6/2137.</i>	3rd	
	<a href="#">HB1297</a> <a href="#">HD1</a>	<b>[Tobacco, Motor Vehicle]</b> By October 1 of each year, requires each department to submit program measures, costs elements, and accounting reports for all non-general funds to the Legislature. Specifies that the cigarette tax revenues deposited to the credit of the cancer research special fund shall only be used for capital expenditures and only until 7/1/2041. Makes certain special funds subject to deductions	3rd	

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		for central service expenses into the general fund. Beginning 7/1/2021 transfers to the credit of the general fund surcharges and cigarette tax revenue allocated to the trauma systems special fund.		
	<a href="#">HB1314</a> <a href="#">HD2</a>	<b>[Net Income, Real Property, Transient Accom]</b> Authorizes each county to levy a county surcharge on TAT of not more than ___% if the county satisfies certain real property tax requirements, including increasing all property tax rates by 20% every three years from 2022 to 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 the top rate becomes 6.5% beginning in 2034. <i>Eff. 7/1/2050.</i>	3rd	
<b>Miscellaneous</b>				
	<a href="#">SB180</a> <a href="#">SD1</a>	Indexes deposit beverage handling fee for inflation. <i>Eff. 7/1/2024.</i>	3rd	
	<a href="#">HB290</a> <a href="#">HD2</a>	Repeals the military exemption for vehicle weight taxes on 6/30/2023. <i>Eff. 7/1/3050.</i>	3rd	
	<a href="#">HB753</a> <a href="#">HD1</a>	Excludes housing developed by the department of Hawaiian home lands from school impact fees. <i>Eff. 1/1/2050.</i>	3rd	
	<a href="#">HB777</a> <a href="#">HD1</a>	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>	LCA	
	<a href="#">HB1296</a> <a href="#">HD1</a>	Repeals the Hawaii tobacco prevention and control trust fund and transfers unencumbered balances to the general fund. Specifies that Hawaii tobacco settlement special fund moneys shall only be deposited into the University revenue-undertakings fund until 7/1/2033. Appropriates general funds to the department of health for tobacco prevention and control. <i>Eff. 7/1/2021.</i>	3rd	
	<a href="#">HB1298</a> <a href="#">HD1</a>	Raids various non-general funds of various departments. <i>Eff. 6/30/2021.</i>	3rd	
	<a href="#">HB1299</a> <a href="#">HD1</a>	Repeals hundreds of non-general funds. <i>Eff. 7/1/2021.</i>	3rd	

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