

TAX FOUNDATION

O F H A W A I I

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March 14, 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	SB1087 SD1	HB933
BUF-25	Raids special funds	SB1091 SD2	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 SD2	HB993
HTH-13	Removes ceiling on dietitian licensure special fund	SB1149 SD2	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 SD2	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 HD3
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 SD2	HB1044 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 SD2	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>	CPC	

	SB384	Clarifies that filing fees for tax appeals are nonrefundable and that no deposits are required for tax appeals. <i>Eff. upon approval.</i>	JHA	HB184
	SB787 SD2	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>	ECD	
Income				
	SB302 SD2	Increase low-income household renters' credit and index it for inflation. <i>Eff. 7/1/2050.</i>	HSG	HB131 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>	AGR	HB830
	SB341 SD2	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>	AGR	HB694
	SB358 SD2	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>	HET	
	SB478 SD2	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>	AGR	HB370
	SB496 SD2	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>	AGR	HB94
	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 SD2	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>	LAT	
	SB659 SD2	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>	HSG	HB378

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	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>	ECD	HB1145
	SB867 SD1	Extends the low-income housing tax credit program for 6 years to 12/31/2027. <i>Eff. 7/1/2050.</i>	HSG	
	SB921 SD2	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>	ECD	
	SB1237 SD2	Halves the per-system cap amounts for solar heating, other solar (photovoltaic, for example), and wind energy systems. <i>Eff. 7/1/2050.</i>	EEP	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>	CPC	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>	WAM	
	HB133 HD1	Increases the capital gains tax maximum from 7.25% to 9%. <i>Eff. 7/1/2050.</i>	WAM	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>	CPN	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 preceptors. Includes the director of health on the preceptor credit assurance committee. <i>Both eff. 7/1/2060.</i>	HTH	SB976 SD2
	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>	WAM	
	HB514 HD1	Establishes an income tax credit for employers who create on site early childhood facilities. <i>Eff. 7/1/2050.</i>	WAM	
	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	EET	

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		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>		
	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>	EET	SB937
	HB1388 HD1	Eliminates the home mortgage interest deduction for second homes under Hawaii income tax law. <i>SB56ff. 7/1/2050.</i>	CPN	SB202
General Excise/Use				
	SB1 SD2	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>	HSG [HSG, WAL, JHA, FIN]	HB607
	SB361 SD2	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>	HHH	
	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>	FIN	
	SB645 SD2	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>	ECD/HSG [ECD/HSG, JHA, CPC, FIN]	HB1146 HD1
	SB815 SD2	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>	EDN	HB611 HD1
	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>	TRS/EET	
Transient Accommodations				
	SB666 SD2	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. <i>Eff. 1/1/2022, repeals on 12/31/2031.</i>	EET/LAT	HB805
	SB775 SD2	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>	LAT	
	SB1023 SD2	Earmarks \$750K of TAT to provide funding for Iolani Palace and \$1.5M for Bishop Museum. <i>Eff. 7/1/2050.</i>	CAI	
	HB321 HD1	Repeals earmarks on TAT to Turtle Bay, Hawaiian center and the museum of Hawaiian music and dance, counties, and	EET	SB926

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		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>		
Fuel				
	SB493 SD2	Establishes Hawaii agriculture and forest carbon positive incentive program. Funds it by earmarking the barrel tax. <i>Eff. 7/1/2050.</i>	EEP/AGR	
	HB683 HD2	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>	TRS/EET	
Liquor				
	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>	CPN	
Tobacco				
	HB476 HD3	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>	HTH	
	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>	HTH/CPN	SB621
Conveyance				
	HB58 HD1	Temporarily suspends earmarks to land conservation fund and rental housing revolving fund. <i>Eff. 1/1/2050.</i>	WAM	
Rental Motor Vehicle Surcharge				
	SB646 SD2	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>	CPC	
	HB333 HD3	Authorizes peer-to-peer car-sharing. Establishes the peer-to-peer car sharing surcharge tax. <i>Eff. 7/1/2050.</i>	TRS	
	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>	AEN/WTL/TRS	
	HB485 HD1	Increases the amount of the rental motor vehicle surcharge tax from \$5 to \$___. <i>Eff. 7/1/2050.</i>	TRS	

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Estate				
	HB445 HD1	Lowens applicable exclusion amount to \$ _____. <i>Eff. 1/1/2050.</i> SB lowers exclusion amount to \$1M. <i>Eff. 12/31/2020.</i>	WAM	SB1300
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>	ACT 001	
Multiple Tax Types				
	SB56 SD1	[Net Income, General Excise, Use, Conveyance] 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>	ECD [ECD, HSG, CPC, FIN]	HB3
	SB767 SD2	[General Excise, Net Income] Legalizes the personal use, possession, and sale of cannabis. This draft contains no special tax provisions. <i>Eff. 5/6/2137.</i>	HHH	
	HB1297 HD1	[Tobacco, Motor Vehicle] 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 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.	HTH/HRE	
Miscellaneous				
	SB180 SD1	Indexes deposit beverage handling fee for inflation. <i>Eff. 7/1/2024.</i>	EEP	
	HB290 HD2	Repeals the military exemption for vehicle weight taxes on 6/30/2023. <i>Eff. 7/1/3050.</i>	PSM	
	HB753 HD1	Excludes housing developed by the department of Hawaiian home lands from school impact fees. <i>Eff. 1/1/2050.</i>	EDU/HWN	
	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>	LCA	
	HB1296 HD1	Repeals the Hawaii tobacco prevention and control trust fund and transfers unencumbered balances to the general fund.	HTH/HRE	

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		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>		
	HB1298 HD1	Raids various non-general funds of various departments. <i>Eff. 6/30/2021.</i>	WAM	
	HB1299 HD1	Repeals hundreds of non-general funds. <i>Eff. 7/1/2021.</i>	WAM	

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