

# TAX FOUNDATION

O F H A W A I I

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2021 Administration Proposals			
Dept./No.	Description	Senate	House
TAX-01	<p>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, and the following provisions in the Consolidated Appropriations Act, Pub. L. 116-260.</p> <ol style="list-style-type: none"> <li>1. Exclusion of PPP loan forgiveness from income.</li> <li>2. Exclusion of EIDL Grants from income.</li> <li>3. Exclusion from income of payments made by Gov't to small business lenders on certain small business loans.</li> <li>4. Exclusion of certain small business grants (sec. 324 of CAA) from income. These grants are provided to businesses such as live music and entertainment venues and movie theatres.</li> <li>5. Exclusion of the second recovery rebates (\$600 stimulus checks) from income.</li> <li>6. Exclusion of emergency financial aid grants received by students from income (does not apply to grants for which teaching, research, or services are required).</li> <li>7. Extension of the increase the charitable deduction for food inventory to apply to contributions made through 2021.</li> <li>8. Adoption of assorted disaster and retirement plan administration changes.</li> </ol> <p>Does not conform to:</p> <ol style="list-style-type: none"> <li>1. Allowance of deductions for expenses paid with proceeds of forgiven PPP loans for which the forgiven amounts were excluded from income.</li> <li>2. Allowance of deductions for expenses paid with grant proceeds and other forgiven loan amounts that were excluded from income.</li> <li>3. Allowance of partnerships and S corporations to treat excluded forgiven loan proceeds and grant proceeds as tax exempt income.</li> </ol>	<a href="#">SB1195</a>	<a href="#">HB1041</a> <a href="#">SD1</a>
TAX-02	Requires the annual withholding return to be filed by Jan. 31. Adds penalties for noncompliance.	<a href="#">SB1196</a> <a href="#">HD1</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="#">SD2</a>
TAX-04	Amends the due date for employers to file the wage and tax statement from the last day of February to January 31 following the close of the calendar year. Imposes a penalty on employers that fail to timely furnish and file the wage and tax statement.	<a href="#">SB1198</a> <a href="#">HD1</a>	<a href="#">HB1044</a> <a href="#">HD1</a>
TAX-08	Technical amendments to tobacco, liquor, fuel taxes	<a href="#">SB1202</a> <a href="#">HD2</a>	<a href="#">HB1048</a> <a href="#">HD1</a>
TAX-09	Technical cleanup to several different tax types	<a href="#">SB1203</a> <a href="#">HD1</a>	<a href="#">HB1049</a> <a href="#">HD1</a>
TAX-10	Replaces the four district tax boards of review with a single statewide taxation board of review appointed by the governor, consisting of ten members with three required for quorum. Authorizes taxpayers and others appearing before the board to participate using cost-efficient means such as teleconferencing.	<a href="#">SB1204</a> <a href="#">HD2</a>	<a href="#">HB1050</a>

Legislative Tax Proposals				
Tax	Bill No.	Description	Status	Companion
<b>Administration and Appeals</b>		<b>HRS 231, 232</b>		
	<a href="#">SB320</a> <a href="#">HD1</a>	Requires use of the PTIN for paid preparers. Establishes penalties for noncompliance. Beginning in CY 2022, establishes continuing education requirements for tax return preparers. Requires the board of public accountancy to adopt rules regarding continuing education, including compliance procedures and penalties for violations. <i>Eff. 1/1/2050.</i>	Xover	
	<a href="#">SB384</a> <a href="#">HD1</a>	Clarifies that filing fees for tax appeals are nonrefundable and that no deposits are required for tax appeals. <i>Eff. 7/1/3021.</i>	Xover	<a href="#">HB184</a>
<b>Income</b>		<b>HRS 235</b>		
	<a href="#">SB659</a> <a href="#">HD3</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 _____. <i>Eff. 7/1/2050.</i>	3rd	<a href="#">HB378</a>
	<a href="#">HB80</a> <a href="#">SD1</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 after 12/31/2020. Extends the sunset date of Act 129, SLH 2016, to 12/31/2027. <i>Eff. 7/1/2051.</i>	3rd	
	<a href="#">HB133</a> <a href="#">SD1</a>	Increases the capital gains tax maximum from 7.25% to 9%. Increases the alternative capital gains tax for corporations from 4 to 5%. <i>Eff. 7/1/2050.</i>	3rd	<a href="#">SB154</a>
	<a href="#">HB286</a> <a href="#">SD2</a>	Requires real estate investment trusts to notify DOTAX of its presence within the State and to report the assets and revenues generated annually. <i>Eff. 7/1/2050.</i>	Xover	<a href="#">SB786</a>
	<a href="#">HB1174</a> <a href="#">SD2</a>	Amends the motion picture, digital media, and film production income tax credit by: (1) Requiring the department of business, economic development, and tourism to publish on its website the names of the qualified productions and the amount of the tax credits certified per qualified production per filing year; (2) Changing the tax credit from a refundable tax credit to a nonrefundable tax credit; and (3) Extending the repeal date of the tax credit from 1/1/2026 to 1/1/2033. Reduces the cap amounts of the renewable energy technologies income tax credit. Retains the current cap amount for community-based renewable energy projects on commercial property. Amendments to the motion picture, digital media, and film production income tax credit apply to taxable years beginning after 12/31/2021. Amendments to the renewable energy technologies income tax credit apply to renewable energy technology systems installed and placed in	3rd	

TYBA = taxable years beginning after.

		service after 12/31/2021. Extends sunset of credit to 1/1/2033. <i>Eff. 7/1/2050.</i>		
Estate		HRS 236D		
General Excise/Use		HRS 237, 238		
Transient Accommodations		HRS 237D		
	<a href="#">HB321 SD1</a>	Repeals the distribution of transit accommodations tax revenues to the counties. Authorizes each county to impose a surcharge on transient accommodations tax by ordinance adopted by 7/1/2022. <i>Eff. upon approval; sunsets 12/31/2026.</i>	3rd	<a href="#">SB926</a>
Fuel		HRS 243		
	<a href="#">HB1142 SD2</a>	Allocates 3 cents of the barrel tax to fund the installation of electric vehicle charging systems. Establishes an electric vehicle charging system subaccount within the public utilities commission special fund. <i>Eff. 7/1/2050, repealed 6/30/2030.</i>	3rd	
Liquor		HRS 244D		
Tobacco		HRS 245		
	<a href="#">HB1297 SD2</a>	Part I - By November 1 of each year, requires each department to submit program measures, costs elements, and accounting reports for all non-general funds to the Legislature. Part II - 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 cigarette tax revenue allocated to the emergency medical services special fund. 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. Ceases deposits of cigarette tax revenues into the emergency medical services special fund on 7/1/2021. Part III - Requires the cancer research center of Hawaii to be affiliated with the John A. Burns school of medicine with direct lines of reporting to the provost of University of Hawaii at Manoa and coordinate with the president of the university. Requires funds expended from the tuition and fees special fund for the John A. Burns school of medicine or cancer research center of Hawaii to be used for educational purposes only. Requires funds expended from the research and training revolving fund for the John A. Burns school of medicine and cancer research center of Hawaii to be used for research and research-related purposes only. Part IV - Amends the reporting requirement on the Hawaii cancer research special fund from semi-annually to annually.	3rd	

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Conveyance		HRS 247		
Rental Motor Vehicle Surcharge		HRS 251		
	<a href="#">HB333</a> <a href="#">SD2</a>	Authorizes peer-to-peer car-sharing and establishes regulations thereof. Establishes the peer-to-peer car-sharing surcharge tax on the operator of the peer-to-peer program. <i>Eff. 7/1/2050.</i>	3rd	
	<a href="#">HB485</a> <a href="#">SD1</a>	Increases the amount of the rental motor vehicle surcharge tax from \$5 to \$5.25. <i>Eff. 1/1/2022.</i>	3rd	
Unemployment		HRS 383		
	<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>	
Multiple Tax Types				
	<a href="#">HB58</a> <a href="#">SD1</a>	<b>[Estate, General Excise, Use, Conveyance]</b> Temporarily reallocates conveyance tax revenues for purposes of paying the principal and interest of general obligation bonds. Authorizes the issuance of general obligation bonds to be appropriated into and out of the land conservation fund and rental housing revolving fund. Amends the exclusion amount of Hawaii's estate tax for decedents dying or taxable transfers occurring after 6/30/2021. From 7/1/2021 through 6/30/2023, temporarily repeals certain general excise tax exemptions. Increases conveyance taxes for the sale of properties valued at \$4,000,000 or greater. Effective 1/1/2022.	3rd	
Miscellaneous				
	<a href="#">HB753</a> <a href="#">SD2</a>	Excludes housing developed by the DHHL from school impact fees for 3 years. <i>Eff. upon approval. Sunsets 7/1/2024.</i>	3rd	
	<a href="#">HB1296</a> <a href="#">SD2</a>	Repeals on 6/30/2025 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. Prohibits any contract for the management of Hawaii tobacco prevention and control trust fund moneys from extending beyond 6/30/2025. <i>Eff. 7/1/2021.</i>	3rd	
	<a href="#">HB1298</a> <a href="#">SD1</a>	Raids various non-general funds of various departments, totaling \$102.5M. <i>Eff. 6/30/2021.</i>	3rd	
	<a href="#">HB1299</a> <a href="#">SD1</a>	Repeals or reclassifies hundreds of non-general funds. <i>Eff. 7/1/2021.</i>	3rd	

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