TAX FOUNDATION
OF HAWAII
126 Queen Street, Suite 305, Honolulu, Hawaii 96813 Telephone 536-4587 www.tfhawaii.org

February 15, 2024

| 2024 Administration Proposals | | | |
|---|---|---|---|
| Dept./No. | Description | Senate | House |
| [ATG-02] | Increases cigarette stamp fees and earmarks it for Tobacco Enforcement Special Fund. | ~~SB3030~~ | HB2341 HD1 |
| [BED-04] | Extends sunset date of research activities tax credit. Consolidates survey and certification requirements. Adds cap applicable to applicant and related entities. | ~~SB3044~~ | ~~HB2355~~ |
| [BED-10] | GET exemption for development of film studio facilities. Raises annual film credit cap. | ~~SB3049~~ | ~~HB2360~~ |
| [BED-17] | ConAm: Allows counties to issue tax increment bonds, and excludes such bonds from funded debt of the counties. | ~~SB3051~~ (See SB3008) | HB2362 |
| [BED-19] | Conforming statute amendments if BED-17 ConAm is enacted. | ~~SB3052~~ | HB2363 |
| [BED-20] | Conveyance tax rate increases. Adds an exemption for a conveyance to an owner-occupant or renter-occupant. | ~~**SB3053**~~ | HB2364 HD 1 |
| [BUF-07] | Moves Hurricane Reserve Trust Fund into the State Treasury. Other technical amendments. | SB3067 SD 1 | HB2378 HD 2 |
| [BUF-10] | Reduces the amortization of the ERS fund from 30 to 20 years following recent actuarial guidance. | SB3070 | HB2381 HD 1 |
| [CCA-09] | Changes captive insurer law. (As introduced, allows for a new captive insurer to be exempt from tax for its first year. This is no longer in the bill.) | SB3081 SD 1 | HB2392 HD 1 |
| [GOV-01] | (Green Affordability Plan) Provides for indexing for inflation income tax brackets, standard deduction, personal exemption, and certain credits. | SB3093 | HB2404 |
| [GOV-03] | Adds a $25 TAT per accommodation to fund a newly created climate health and environmental action special fund. (*Quintuple Referral* in the Senate.) | ~~SB3095~~ | HB2406 HD 1 |
| [GOV-12] | Extends the GET exemption for affordable housing and removes annual cap. | ~~SB3102~~ | HB2413 HD 1 |
| [GOV-15] | GET and TAT amnesty for converting a transient rental to a long-term rental. Conveyance tax exemption for real property furnished as a transient accommodation for 18 months beginning January 2023. Income tax capital gain exemption for certain transient accommodations sold before 2026. | ~~SB3105~~ | HB2416 HD 1 |

| | | | |
|---|---|---|---|
| [HHL-05] | Removes sunset date on exemption from school impact fees for DHHL developed housing. | ~~SB3108~~ | ~~HB2419~~ |
| [HHL-06] | Technical corrections to $600 million appropriation in Act 279, 2022. | SB3109 | HB2420 HD 1 |
| [TAX-01] | Conforms the Income Tax and Estate/GSTT laws to federal Code as of 12/31/2023. | SB3173 | HB2484 |
| [TAX-02] | Repeals tax clearance certified copy fee. Adds penalties for failure to report taxable rents. Increases penalty for misrepresenting the absence of GET in purchase price. | SB3174 SD 1 | HB2485 HD 1 |
| [TAX-03] | Authorizes the Department of Taxation to serve administrative subpoenas outside the State. | SB3175 | HB2486 HD 1 |
| [TAX-04] | Provides deadlines for taxpayers under audit to comply with demands to produce documents and evidence. Documents not produced will be precluded upon appeal unless reasonable cause for nonproduction is shown. | SB3176 | ~~HB2487~~ |
| [TAX-05] | Requires the chair of the Board of Review to have experience in Hawaii state taxes. (As opposed to being an attorney or CPA in active practice.) | SB3177 | HB2488 HD 1 |
| [TAX-06] | Permanently exempts senior software developers in the Department of Taxation from civil service. | ~~SB3178~~ | HB2489 |
| [TRN-06] | Authorizes counties to adopt a county level road usage charge. Repeals the $50 cap on the charge on 7/1/2028. | SB3183 SD 1 | ~~HB2494~~ |
| [UOH-09] | Increases the tax on cigarettes by 2c per stick. Benefits several special funds. | ~~SB3193~~ | HB2504 HD 1 |

| Legislative Tax Proposals | | | | |
|---|---|---|---|---|
| **Tax** | **Bill No.** | **Description** | **Status** | **Companion** |
| **Administration and Appeals** | | | | |
| | HB1805 HD 1 | Adds procedural safeguards for "payment under protest" lawsuits. | FIN | |
| | HB1806 HD 1 | Conforms statutory provisions for tax appeals with judiciary procedures, allows appeal to be filed within 30 days after either "decision" or "final judgment." | FIN | |
| | HB1817 | Establishes a one-time tax amnesty program. | FIN | |

| Constitutional Amendment | Bill No. | Description | Status | Companion |
|---|---|---|---|---|
| | HB1537 HD 2 | ConAm: Establishes surcharge on residential investment property valued at $3,000,000 or greater for the purpose of funding public education. | FIN | ~~SB2056~~ |
| | SB3008 SD 1 | ConAm: Allows counties to issue tax increment bonds, and excludes such bonds from funded debt of the counties. | WAM | See [BED-17] HB2362 |
| **Income** | | | | |
| | HB1572 | Limits the pension exclusion from gross income to pensions received for past services provided in the State. | FIN | |
| | HB1613 HD 1 | Establishes refundable income tax credit for installation of residential water catchment system (1000 gallon minimum capacity). | FIN | SB2797 SD 1 |
| | HB1620 HD 1 | Reduces the pass-through entity level tax rate and allows the nonrefundable tax credit to be carried forward. | FIN | |
| | HB1652 HD 1 | Income tax credit for educational supplies for DOE and head start program teachers, librarians, aides. | FIN | |
| | HB1662 | Establishes a refundable child tax credit of up to $650 per dependent, phasing out at AGI $115,000 | FIN | ~~SB2660~~ |
| | HB1660 | Requires capital gains to be taxed at ordinary income rates. | FIN | SB2325 |
| | HB1700 | Eliminates state income tax. (From House Minority Caucus.) | FIN | |
| | HB1729 | Establishes a cost-of-living adjustment factor to annually adjust income tax to the Urban Hawaii Consumer Price Index. (From House Minority Caucus.) | FIN | |
| | HB1732 | Kamaaina come home income tax credit of $_____ for employers hiring a state resident who has been living, working, or studying in CONUS for 3+ years and agrees to return to the State. (From House Minority Caucus.) | FIN | |
| | HB1769 HD 1 | Establishes tax credit for nonpaid family caregivers. | FIN | SB2473 SD 1 |

| Income | Bill No. | Description | Status | Companion |
|---|---|---|---|---|
| | HB1776 HD 1 | Increases applicable percentage of employment related expenses that may be claimed for the household and dependent care services tax credit, adds new definition of cost of living factor. | FIN | |
| | HB1784 HD 1 | Temporarily reinstates the technology infrastructure renovation tax credit and expands the definition of "technology-enabled infrastructure". | FIN | SB2527 SD 1 |
| | HB1788 HD 1 | Adds cap on tax credit for research activities, additional requirements and certifications to receive tax credit. | FIN | |
| | HB1803 HD 1 | Reduces the pass-through entity level tax rate and allows the tax credit to be carried forward. | FIN | |
| | HB1804 | Requires that income tax credits established or renewed after 12/31/2024 include a 5-year sunset or an annual 1/3 reduction. | FIN | |
| | HB1892 HD 1 | Among other things: Establishes an income tax credit for the cost of upgrading or converting a qualified cesspool. | FIN | SB2426 SD 1 |
| | HB1918 HD 1 | Extends the sunset on historic preservation tax credit to 2030, incrementally increases statewide cap. | FIN | SB2300 SD 1 |
| | HB1957 HD 1 | Amends R&D tax credit to increase cap, extend sunset to 2029, redefine eligible business. | FIN | |
| | HB2005 HD 1 | Requires taxpayers be given notice of and opportunity to cure any failure to meet requirements of motion picture, digital media, and film production tax credit. | FIN | |
| | HB2307 | When a pass-through entity pays Hawaii tax on behalf of its owners, the credit may be carried forward for Hawaii income tax purposes (unlike credit for out-of-state taxes paid). | FIN | SB2725 |
| | HB2587 | Eliminates the income tax for single and heads-of-household filers making less than $20,000 a year or $40,000 a year for joint filers and scale low- and middle-income tax rates more slowly. | FIN | |
| | HB2733 | Reduces the tax rate by fifty per cent for all tax brackets except the highest four. (Republican introducers) | FIN | |

| Income | Bill No. | Description | Status | Companion |
|---|---|---|---|---|
| | HB2734 | Increases the capital gains tax rate for individuals and corporations. For foreign taxpayers and corporations this rate goes to 150%. (Republican introducers) | FIN | |
| | HB2767 HD 1 | Various updates to the Renewable Fuels Production Tax Credit. Increases credit to 35¢/76k BTU. Adds $1/gal for locally produced renewable fuel. Adds $1/gal for sustainable aviation fuel. Extends credit period to 20 years. Changes statewide cap to _____. | FIN | SB3360 SD 1 |
| | HB2779 | Incrementally increases the amount of the income tax standard deduction from 2024 to 2031. | FIN | |
| | HB2780 | Incrementally amends income tax rates for every other taxable year beginning after 12/31/2024. | FIN | |
| | SB1208 SD 1 | Increases the low-income household renters' income tax credit from $50 to a maximum $200 based on AGI. | WAM | |
| | SB2108 SD 1 | Allows a condominium association that claims a Renewable Energy Technologies Income Tax Credit to sell the credit. | WAM | |
| | SB2279 SD 1 | Requires qualified tuition reduction for graduate assistants enrolled in graduate level coursework to be considered taxable income. | WAM | |
| | SB2432 SD 1 | Establishes a food manufacturer tax credit. Credit amount is 100% of qualified expenses up to $100,000. Manufacturer includes producer of value-added processed, agricultural, or food products. | WAM | |
| | SB2497 SD 1 | Amends R&D tax credit to increase cap, extend sunset to 2029, redefine eligible business. | WAM | |
| | SB2547 SD 1 | Establishes income tax credits for employers who offer employer-provided or employer-sponsored child care services for their employees. | WAM | |
| | SB2574 SD 1 | Establishes a tax credit for importing renewable fuel. Amends existing renewable fuels production credit. | WAM | ~~HB2296~~ |
| | SB2701 | Reduces the pass-through entity level tax rate and allows the tax credit to be carried forward. | WAM | |

| Income | Bill No. | Description | Status | Companion |
|---|---|---|---|---|
| | SB2857 SD 1 | Establishes an income tax credit for GET paid on qualified aircraft service and maintenance expenses. Sunsets 12/31/2029. | WAM | |
| | SB2874 SD 1 | Non-refundable income tax credit of $_____ for landlords who lease a unit to a tenant with a pet for 6+ months. | WAM | ~~HB2187~~ |
| | SB2959 SD 1 | Income tax credit for medically related travel expenses not covered by insurance. Credit amount is __% of expenses for each taxpayer with AGI less than $_____. | WAM | |
| | SB2978 SD 1 | Establishes an income tax credit to incentivize the voluntary relinquishment of private water systems. | WAM/JDC | ~~HB2694 HD 1~~ |
| | SB3247 SD 1 | Establishes Interisland produce shipping tax credit. Credit is __% of the qualified transportation costs, up to $_____. | WAM | |
| | SB3265 SD 1 | Establishes Hawaii Film Advisory Council. Increases film tax credit cap to $60 M, extends sunset date of tax credit to 1/1/2039. Includes streaming platforms within definition of qualified production. Exempts from tax certified development of film studio facilities. | WAM | |
| | SB3280 | Increases and adjusts the amounts for the income tax brackets and personal exemption and standard deduction amounts by cost-of-living factor. | WAM | |
| | SB3302 SD 1 | Establishes Farming income tax credit of 100% of the qualified expenses of the eligible farmer up to $_____. | WAM | |
| | SB3382 SD 1 | Establishes an income tax credit to encourage investment in businesses affected by the 2023 Lahaina wildfire. The credit works like the high technology business investment credit used to, except that the total credit is 110% of the investment in the qualified business or redevelopment resiliency project. | WAM | |
| **General Excise/Use** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB1675 HD 1 | GET exemption for medical services provided by physicians and APRNs acting as primary care provider. | FIN | |
| | HB1699 | GET exemption for food and medical services. (House Minority Caucus package) | FIN | |

| General Excise/Use | Bill No. | Description | Status | Companion |
|---|---|---|---|---|
| | HB1724 | GET exemption for precious metal bullion sales. (House Minority Caucus package) | FIN | |
| | HB2570 HD 1 | Requires out-of-state attorneys appearing in a local court or arbitration to have a GET license number and agree to pay (with local counsel) all state income tax due on Hawaii activities. | FIN | SB2995 |
| | HB2781 | At the end of 2030 when the county surcharge on state tax is repealed, the 0.5% continues for all counties but the State takes the money instead. | FIN | |
| | SB2399 SD 1 | GET exemption for the sale of produce by a farmer. | WAM | |
| | SB2514 SD 1 | Requires out-of-state attorneys appearing in a local court or arbitration to have a GET license number and agree to pay (with local counsel) all state income tax due on Hawaii activities. | WAM | |
| | SB2654 SD 1 | GET and Use Tax exemption for amounts related to planning, design, financing, or construction for development of Hawaiian home lands. | WAM | ~~HB2034~~ |
| **Transient Accommodations** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB2081 HD 1 | Increases the TAT by 1 percentage point and adds a per-accommodation minimum tax of $50. | FIN | |
| | HB2778 HD 1 | Establishes a surcharge on the state transient accommodations tax for transient vacation rental units located outside a zoned resort area. | FIN | |
| | SB3213 | Requires 1% of TAT to be allocated to DHHL for affordable housing to those on DHHL waiting list. | WAM | |
| **Motor Vehicle** | **Bill No.** | **Description** | **Status** | **Companion** |
| | SB3348 SD 1 | As introduced, hiked the state registration fee and the state vehicle weight tax amounts. SD1 has no tax hikes. | WAM | |
| **Conveyance** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB1592 HD 1 | Increases the maximum amount of conveyance tax revenues allocated to the land conservation fund from $5.1 million to _____. | FIN | |

| Conveyance | Bill No. | Description | Status | Companion |
|---|---|---|---|---|
| | HB2629 HD 2 | Increases conveyance tax rate. Adds new brackets. Maximum conveyance tax rate is raised from 1.25% to 7%. Overhauls earmarks. | FIN | SB3005 |
| | SB2044 SD 1 | Establishes that the transfer of a controlling interest in an entity that owns real property in the state shall be subject to the conveyance tax. Requires __% of the tax to go to the Dwelling Unit Revolving Fund. | WAM | |
| **Estate** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB2652 | For estate tax purposes, the marital deduction applies to the passage of any property to any immediate family member (spouse, child, sibling, parent, grandparent, grandchild, stepparent, stepchild, stepsibling, and equivalent adoptive relationship)s. | FIN | SB3289 SD 1 |
| | HB2653 | For estate tax purposes, allows a deduction for the value of qualified family-owned business interests. Recouples the unified credit amount to that provided in the IRC. | FIN | SB3445 SD 1 |
| **Multiple Tax Types** | **Bill No.** | **Description** | **Status** | **Companion** |
| **INCOME, TAT** | SB2958 | Revisor's Bill. Includes technical changes to income tax and TAT. | 3rd | ~~HB2660~~ |
| **GET, FUEL** | HB2673 HD 2 | Allows part of the GE and fuel taxes generated by the counties to be used to maintain private roadways that are open to the public. | FIN | SB2178 SD 1 |
| **GET, FUEL** | SB2743 SD 1 | Authorizes certain counties to use county surcharge on state tax revenues and fuel tax revenues for the repair and maintenance of private roadways that are open to and used by the public. | WAM | |
| **TAT, CONVEYANCE** | HB2686 HD 1 | Hikes the TAT, Conveyance Tax by unspecified amounts with the additional funds to provide stabilization of property insurance. | FIN | SB3234 SD 1 |
| **Miscellaneous** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB1947 HD 1 | Reduces the minimum number of years of credited service to be eligible for vested benefit status for service retirement allowance purposes in the Employees' Retirement System. | FIN | |
| | HB2091 HD 1 | Repeals DOE School Impact Fees. | FIN | |

| Miscellaneous | Bill No. | Description | Status | Companion |
|---|---|---|---|---|
| | HB2113 HD 1 | Establishes a new Pharmacist Workforce Assessment Fee, to be paid biennially. | FIN | |
| | HB2235 HD 1 | Reclassifies or repeals non-general funds of DLIR. | FIN | |
| | HB2236 HD 1 | Reclassifies or repeals non-general funds of Dept of Agriculture. | FIN | |
| | HB2237 HD 1 | Repeals Hazard Mitigation Special Fund. | FIN | |
| | HB2238 | Reclassifies or repeals non-general funds of DAGS. | FIN | |
| | HB2239 | Reclassifies or repeals non-general funds of B&F. | FIN | |
| | HB2700 HD 1 | Establishes the Hawai'i wildfire relief fund and corporation to provide compensation for property damage resulting from catastrophic wildfires in the State. | FIN | SB3344 SD 1 |
| | HB2743 HD 1 | Authorizes each county to assess a monthly cesspool pollution fee beginning in 7/1/2025 on real properties containing a cesspool. | FIN | SB2952 |
| | HB2806 HD 2 | Establishes the Hawai'i opioid litigation proceeds special fund. | FIN | |
| | SB2139 SD 1 | Imposes a cap on costs charged to reproduce certain government records. | JDC/WAM | ~~HB1610~~ |
| | SB2863 SD 1 | Requires that a portion of state moneys be deposited in a state-owned bank. Takes effect after a state-owned bank is established. | WAM | |
| | SB2921 | Technical corrections to the $600 million appropriation to DHHL by Act 279, SLH 2022. | WAM/JDC | ~~HB2076~~ |
| | SB3022 SD 1 | Establishes a ridesharing fee of __ cents per ride. Deposits taxes collected into the State Highway Fund. | WAM | |
| | SB3381 SD 1 | Establishes the Lele community district to facilitate rebuilding in Lahaina. Establishes the Lele community special fund. | WAM | |