

TAX FOUNDATION

O F H A W A I I

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2018 Administration Proposals			
Dept./No.	Description	Senate	House
BUF-08	Amends and clarifies the acquisition of service provisions to maintain the tax-qualified status of the Employees' Retirement System. <i>Eff. upon approval.</i>	2767 ACT 70	
EDN-03	Changes the amount of check-off that an individual may designate to the libraries special fund from \$2 to \$5, \$4 to \$10. <i>Eff. for taxable years beginning after 12/31/17.</i>		2354 ACT 170
LBR-01	Establishes the Labor Law Enforcement Special Fund to finance the collection of penalties for violations of labor law; establishes two positions in the Department of the Attorney General to pursue and collect penalties for violations of labor laws. <i>Eff. 7/1/18.</i>	2801 ACT 187	
TAX-01	Conforms Hawaii income and estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended as of 2/9/18, with extensive exceptions. Decouples from most individual provisions limiting itemized deductions, such as state and local tax, mortgage interest, and misc. itemized deductions. Decouples from bonus depreciation and section 179 changes. Standard deduction, personal exemption, and all tax rates are unchanged. Estate tax provisions generally conform to the Code as of 12/31/17, but the applicable exclusion amount and unified credit thresholds are the same as they were in 2017. Adopts a 3-year statute of limitations for estate tax returns, and adopts assessment procedures similar to those for income tax. <i>Follows federal eff. dates.</i>	2821 ACT 27	
TAX-02	Authorizes the Department of Taxation to require certain taxpayers to file returns electronically, subject to exceptions for reasonable cause. <i>Eff. upon approval.</i>		2395 ACT 66
TAX-03	Increases the limit on revenues collected by the special enforcement section that are deposited into the tax administration special fund. <i>Eff. 7/1/2018.</i>		2396 ACT 123

Legislative Tax Proposals			
Tax	Bill No.	Description	Status
INCOME	HB1802 CD1	Allows DOH to certify more than two residential large capacity cesspools as qualified cesspools for purposes of the income tax credit. <i>Applies to taxable years beginning after 12/31/17.</i>	ACT 133

	SB508 CD1	Amends HARPTA to change the taxes withheld on the amount realized by nonresidents from the disposition of Hawaii real property from 5% to 7.25%. Eff. upon approval, applies to real estate dispositions that occur on or after 9/15/2018.	ACT 122
	SB2074 CD1	Extends through the 2021 taxable year the time in which the Department of Agriculture may certify important agricultural lands qualified agricultural cost tax credits. <i>Eff. upon approval.</i>	ACT 87
	SB2298 CD1	Allows advanced practice registered nurses, pharmacists, and physicians to receive income tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate. <i>Applies to taxable years beginning after 12/31/2018.</i>	ACT 43
	SB3077 CD1	Expands the renewable fuel tax credit cap by lowering the production threshold and expanding the types of renewable fuel eligible for the credit. <i>Applies to taxable years after 12/31/2017.</i>	ACT 143
GENERAL EXCISE / USE	HB1605 SD1	Removes unnecessary or redundant provisions of the general excise tax laws. <i>Eff. 7/1/2018.</i>	ACT 166
	HB2416 CD1	Imposes Use Tax on intangible property acquired from an unlicensed seller and used in the State. Exempts the value of newspapers or periodicals issued no more frequently than quarterly; securities; commodity futures and options; evidence of debt; interest in land; and dividends. <i>Applies to taxable years beginning after 12/31/2018.</i>	ACT 183
	HB2748 CD1	The "Bob Nakata Act." Directs the Hawaii Housing Finance and Development Corporation (HHFDC) to study and report on housing for populations with access and functional needs. Extends exemption from general excise tax for development costs of affordable rental housing certified by HHFDC. Increases limits on costs eligible for exemption from \$7 million to \$30 million. Prohibits discrimination against tenants based solely on receipt of Section 8 housing assistance. Appropriates funds to the rental housing revolving fund and the dwelling unit revolving fund in fiscal year 2017-2018. <i>Retroactive; applies to taxable years beginning after 12/31/2017.</i>	ACT 39
	SB2514 CD1	Provides that a person is engaging in business in the State for the purpose of the general excise tax law if, in the current or immediately preceding calendar year, the person has \$100,000 or more in gross income, or two hundred or more separate transactions, from the sale of tangible personal property delivered in the State, services used or consumed in the State, or intangible property used in the State. <i>Applies to taxable years beginning after 12/31/17.</i>	ACT 41
TRANSIENT ACCOM.	HB2010 CD1	Cancels the debt owed to the State by the Hawaii Tourism Authority for convention center construction costs and related interest. Amends the allocations of transient accommodations tax revenues to the convention center enterprise special fund and tourism special fund (to take out the debt service). Appropriates moneys for the Hawaii Tourism Authority to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and	ACT 86

		resort areas; provided that the funds are matched dollar-for-dollar by the private sector. <i>Eff. 7/1/2018.</i>	
	SB2699 CD1	Imposes the transient accommodations tax on resort fees, defined as any charge to a transient for the use of the transient accommodation's property, services, or amenities. <i>Effective July 1, 2018.</i>	VETO
	SB2868 HD1	Imposes registration requirements and the transient accommodations tax on transient accommodations brokers, travel agencies, and tour packagers that enter into arrangements to furnish transient accommodations at noncommissioned negotiated contract rates on their share of the proceeds. <i>Applies to taxable years beginning after December 31, 2018.</i>	ACT 211
MOTOR VEHICLE	SB2714 CD1	Excludes the weight of disability access modifications for non-commercial vehicles for purposes of the state and county motor vehicle weight tax. <i>Eff. 7/1/2019.</i>	ACT 76
MISC.	HB1508 CD1	Creates a \$50 million revolving line of credit sub-fund within the Hawaii green infrastructure special fund for state agencies to finance cost-effective energy-efficiency measures. Money will be lent to state agencies at 3.5%. The \$46.4 million loan (interest free) to the DOE provided for in 2017 will be included within this sub-fund. <i>Eff. 7/1/2018.</i>	ACT 121
	HB1652 CD1	Abolishes or repeals several non-general funds and transfers the unencumbered balances to the general fund. <i>Eff. 7/1/2018.</i>	ACT 164
	HB1653 HD2	Abolishes the revolving funds for correctional facility stores account of the Department of Public Safety and transfers the unencumbered balance to the administrator/inmate activity account trust account. <i>Eff. upon approval.</i>	ACT 3
	HB1654	Abolishes the office of community services special fund of the Department of Labor and Industrial Relations and transfers unencumbered balance to the general fund. <i>Eff. 7/1/2018.</i>	ACT 6
	HB2587 CD1	Extends by 1 year the period in which a county may adopt a surcharge on state tax, under certain conditions, from 3/31/2018 to 3/31/2019. If the taxing ordinance is adopted prior to 6/30/2018, the imposition takes effect 1/1/2019; otherwise, it takes effect 1/1/2020. <i>Eff. upon approval.</i>	ACT 11
MULTIPLE TAX TYPES	SB2851 CD1	Amends or repeals various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii for the purposes of correcting errors and references, clarifying language, and deleting obsolete or unnecessary provisions. <i>Eff. Upon approval.</i>	ACT 18
REAL PROPERTY	SB2922 HD1	Proposes constitutional amendments to authorize the legislature to establish, as provided by law, a surcharge on real property tax on investment real property to benefit public education. <i>Takes effect when approved by the electorate.</i>	TO BALLOT
RENTAL MOTOR VEHICLE SURCHARGE	HB26101 CD2	Increases the rental motor vehicle surcharge from \$3 to \$5 for lessees without a valid Hawaii driver's license from the rental motor vehicle surcharge. Requires that the revenues from the increase in motor vehicle surcharge tax be expended for state highway road capacity projects in the county in which the rental motor vehicle was operated under rental or lease. Increases the tour vehicle surcharge by \$1 for each category of tour vehicle.	ACT 215

