

TAX FOUNDATION

O F H A W A I I

126 Queen Street, Suite 304, Honolulu, Hawaii 96813, Telephone 536-4587, www.tfhawaii.org

August 1, 2019

2019 Administration Proposals			
Dept./No.	Description	Senate	House
ATG-05	Amends the income withholding requirements to impose a fine against any employer who (1) discharges from employment, refuses to employ, or takes disciplinary action against any noncustodial parent subject to income withholding or (2) fails to withhold support from income or pay the amounts to the Child Support Enforcement Agency; and amends the amount of the annual fee imposed by the Child Support Enforcement Agency to comply with federal regulations.	SB 1173 HD1 Act 067	
HRD-01	Allows participants to make both pre-tax contributions and post-tax contributions to the State Deferred Compensation Plan.		HB 1007 SD1 Act 086
TAX-05	Clarifies that tax refund offsets may be performed by the Department of Accounting and General Services and the Department of Taxation.	SB 1271 SD1 Act 097	

Tax	Bill No.	Description	Status
Income	HB 114	Repeals HRS 235-103 because duplicative of 231-3.1. <i>Eff. TYBA 12/31/2018.</i>	Act 017
	HB 1268 SD1	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 111
	SB 33 CD1	Increases the annual \$35M rolling cap to \$50M (no change in 2026 sunset) for the Motion Picture, Digital Media, and Film Production Income Tax Credit; provided that the University of Hawaii, West Oahu campus and HTDC execute a MOU for a no-cost lease agreement for at least 65 years that includes transfer of title within 6 years of a certain parcel of University of Hawaii, West Oahu campus land to HTDC. <i>Eff. upon approval / TYBA 12/31/2018.</i>	Act 275
	SB 301 CD1	Disallows dividends paid deduction for real estate investment trusts. Sunsets 12/31/2023. <i>Eff. TYBA 12/31/2019.</i>	VETO
	SB 394 CD1	Regarding the current 3-factor formula for apportionment of business income, amends the sales factor rules to impose market sourcing for sales of other than tangible personal property. Provides specific rules for intangibles and services. <i>Eff. upon approval / TYBA 12/31/2019</i>	Act 096
	SB 494 CD1	Deposits \$5M into the rainy day fund to fulfill article VII, section 6, of the Hawaii Constitution. <i>Eff. 7/1/2019.</i>	Act 044
	SB 495 HD1	Creates a nexus standard for taxing out-of-state businesses on their business income in Hawaii. <i>Eff. TYBA 12/31/2018.</i>	Act 221
	SB 972 CD1	Establishes the Ship Repair Industry Tax Credit to offset costs incurred to construct and put into service a purpose-built floating	Act 260

		drydock at Pearl Harbor for use by the United States Navy. Sunsets 12/31/2026. Repeals the Capital Infrastructure Tax Credit effective 1/1/2020. <i>Eff. TYBA 12/31/2021.</i>	
	SB 1130 HD1	Conforms Hawaii income and estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended as of 12/31/2018. Clarifies that the Hawaii applicable exclusion amount is computed as if the decedent died on 12/31/2017. Conforms to TCJA opportunity zone incentives. Decouples from IRC 512(a)(7) regarding increases in unrelated business taxable income by disallowed transportation fringe. <i>Eff. TYBA 12/31/2018.</i>	Act 069
	SB 1314 CD1	Amends the research activity tax credit so that references to the base amount in IRC 41 shall not apply, and credit for all qualified research expenses may be taken without regard to the amount of expenses for previous years. Applies an aggregate cap of \$5M. Changes the certifying agency to DBEDT. Sunsets 12/31/2024. <i>Eff. upon approval / TYBA 12/31/2019.</i>	Act 261
	SB 1360 HD1	Requires partnerships, estates, and trusts to withhold taxes on the income of nonresident partners and beneficiaries. Exempts publicly traded partnerships. <i>Eff. TYBA 12/31/2018.</i>	Act 232
	SB 1394 CD1	Establishes a nonrefundable historic preservation income tax credit for substantial rehabilitation of a certified historic structure. Credit is 30% of qualified rehabilitation costs. Sunsets 12/31/2024. <i>Effective 7/1/2019.</i>	Act 267
General Excise/Use	SB 396 SD1	Establishes marketplace facilitators as the sellers of tangible personal property. Requires other persons who provide a forum for listing of tangible personal property and the taking or processing of orders to report information about purchasers to the Department of Taxation. <i>Eff. 1/1/2020.</i>	Act 002
Bank Franchise	HB 1268 SD1	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 111
Estate/GSTT	SB 1130 HD1	Conformity to Internal Revenue Code. See full description above under Income Tax.	Act 069
	SB 1361 SD1	Increases estate taxes for Hawaii net taxable estates valued at over \$10,000,000. <i>Applies to decedents dying or taxable transfers occurring after 12/31/2018.</i>	Act 003
Transient Accom.	SB 380 SD1	Imposes the TAT on mandatory resort fees and requires that those fees be included in gross rental proceeds. <i>Eff. 7/1/2019.</i>	Act 020
	SB 1292 HD3	Requires hosting platforms that collect fees for booking services to register as tax collection agents and collect GET and TAT for transient accommodation bookings from operators and plan managers. Converts penalties for violation of TAT requirements from misdemeanor to civil fines. Specifies that "transient accommodations" includes accommodations subject to county regulations as such. <i>Eff. upon approval.</i>	VETO

Notes: TYBA = taxable years beginning after.

Tobacco	SB 1405 CD2	Requires public school teachers and educators to confiscate e-cigarettes from students under 21. Requires the Department of Health to establish a Safe Harbor Program by which persons under the age of 21 may dispose of e-cigarettes in their possession. Increases administrative fines for persons under the age of 21 for certain electronic smoking device infractions. <i>Eff. 7/1/2019.</i>	VETO
Fuel	HB 1585 CD1	Establishes a rebate program for installation of eligible new or upgraded multi-user electric vehicle charging systems. Authorizes the PUC to contract for third-party administration of the rebate program. Appropriates funds. <i>Eff. 7/1/2019.</i>	Act 142
Motor Vehicle	HB 601 SD1	Repeals the requirement that disabled veterans be in receipt of disability retirement pay from the Armed Forces to be exempt from payment of annual motor vehicle registration fees. <i>Eff. upon approval.</i>	Act 188
	SB 409 CD1	Establishes a \$50 annual vehicle registration surcharge fee for electric vehicles and alternative fuel vehicles to be deposited into the state highway fund. <i>Eff. 1/1/2020.</i>	Act 280
Rental Motor Vehicle Surcharge Tax	SB 162 CD1	Increases the amount of the rental motor vehicle surcharge tax to \$5. Repeals the additional surcharge tax for lessees who do not possess a valid Hawaii driver's license. Repeals the requirement that \$2 of the additional surcharge be deposited into the county subaccount in the state highway fund. <i>Eff. upon approval.</i>	Act 174
Misc.	HB 120 CD1	Authorizes issuance of general obligation bonds. Makes findings required by Article VII, Section 13, of the State Constitution to declare that the issuance of authorized bonds will not cause the debt limit to be exceeded. <i>Eff. upon approval.</i>	Act 249
	HB 121	Abolishes the Captain Cook memorial fund, custodial services special fund, donations for voter registration drive trust account, and information technology trust fund of the Department of Accounting and General Services and transfers unencumbered balances to the general fund. <i>Eff. 7/1/2019.</i>	Act 021
	HB 122	Abolishes the Juvenile Accountability Block Grant Trust Fund of the Department of Defense and transfers the unencumbered balance to the general fund. <i>Eff. 7/1/2019.</i>	Act 018
	HB 123 HD2	Abolishes the Hawaii Department of Agriculture Biocontrol Foreign Exploration special fund and transfers the unencumbered balances to the general fund. <i>Eff. 7/1/2019.</i>	Act 025
	HB 333 CD1	Establishes the State Highway Enforcement Program. Establishes a \$200 parking violation surcharge to be imposed by courts in addition to other penalties and fines for parking violations on State highways. Half goes to the state highway fund and the other half is retained by county police. <i>Eff. 7/1/2019.</i>	Act 250
	SB 981 CD1	Repeals the Hawaii teacher standards board special fund and transfers the remaining balance to the general fund. Amends related HRS sections. <i>Eff. 7/1/2019.</i>	Act 161

Notes: TYBA = taxable years beginning after.