

RE: S.B. No. 2216  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii  
Sir:

Your Committees on Ways and Means and Judiciary, to which was referred S.B. No. 2216, S.D. 1, entitled:  
"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose and intent of this measure is to establish the empty homes tax.

More specifically, this measure:

- (1) Establishes an empty homes tax on transfers and conveyances of certain vacant residential real property;
  - (2) Requires every person who is liable for imposition of the empty homes tax to file a sworn tax return with the Director of Taxation each month;
  - (3) Requires the Department of Taxation to deposit all revenues from the empty homes tax into the dwelling unit revolving fund;
  - (4) Specifies the process to appeal an empty homes tax assessment;
  - (5) Requires the retention of records relating to empty homes tax levies and assessments for a period of three years;
- and
- (6) Requires the Director of Taxation to administer and enforce the empty homes tax.

Your Committees received written comments in support of this measure from IMUA Alliance.

Your Committees received written comments in opposition to this measure from Hawaii Association of REALTORS and one individual.

Your Committees received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committees find that according to the Department of Business, Economic Development, and Tourism, the State will need approximately sixty-five thousand new housing units by 2025 to satisfy the demand for housing. Your Committees further find that there are approximately thirty thousand vacant homes in the City and County of Honolulu alone.

Accordingly, your Committees believe that imposing an empty homes conveyance tax will help to increase the housing supply in the State by decreasing the number of vacant housing units.

Your Committees have amended this measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (2) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Ways and Means and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2216, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 2216, S.D. 2.

Respectfully submitted on behalf of the members of the Committees on  
Ways and Means and Judiciary,

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KARL RHOADS, Chair

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DONOVAN M. DELA CRUZ, Chair