

RE: S.B. No. 2216
S.D. 1

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

Your Committee on Housing, to which was referred S.B. No. 2216 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to reduce the number of homes in Hawaii which sit vacant by imposing an empty homes tax on homes that have been empty for more than fifty days in a calendar year.

Your Committee received testimony in support of this measure from the Americans for Democratic Action, Imua Alliance, and one individual. Your Committee received testimony in opposition to this measure from the Hawaii Association of Realtors, Building Industry Association Hawaii, and Hawaii Bankers Association. Your Committee received comments on this measure from the Department of the Attorney General, Department of Taxation, and Tax Foundation of Hawaii.

Your Committee finds that the housing shortage would be partially alleviated if there were less housing units in Hawaii that sat vacant for much of the year. Your Committee notes that the Department of Taxation's current methods of receiving tax payments and filings include computer and e-filing. Your Committee further notes the Department of the Attorney General's testimony that the Constitution of the State of Hawaii reserves the power to implement property taxes exclusively to the counties. Your Committee further notes that it wishes to investigate, along with the Department of the Attorney General, whether the vacant home tax could be implemented as a usage or non-usage fee. Accordingly, your Committee has amended this measure by:

- (1) Changing the tax from a tax which is collected monthly, to a conveyance tax;
- (2) Clarifying that the tax will be based upon the county real property tax assessed value;
- (3) Clarifying that a housing unit qualifies for the empty home tax if it is in use less than fifty days in a calendar year;
- (4) Eliminating the requirement that the tax be paid by "cash, bank draft, cashier's check, money order, or certificate of deposit";
- (5) Eliminating the requirement that the tax payment and filing of the tax return be transmitted to the district;
- (6) Amending Section 231-8.5, Hawaii Revised Statutes to include the empty homes tax among those returns which must be e-filed;
- (7) Amending the effective date to be January 1, 2021; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2216, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2216, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.

Respectfully submitted on behalf of the members of the Committee on
Housing,

STANLEY CHANG, Chair