



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

July 6, 2021

The Honorable Ronald D. Kouchi,  
President and Members of the Senate  
Thirty First State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirty First State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

I am transmitting herewith HB58 HD1 SD1 CD1, without my approval and with the statement of objections relating to the measure.

HB58 HD1 SD1 CD1

RELATING TO STATE FUNDS.

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

EXECUTIVE CHAMBERS

HONOLULU

July 6, 2021

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 58

Honorable Members  
Thirty-First Legislature  
State of Hawai'i

Pursuant to Section 16 of Article III of the Constitution of the State of Hawai'i, I am returning herewith, without my approval, House Bill No. 58, entitled "A Bill for an Act Relating to State Funds."

The purposes of this bill are to temporarily suspend certain general excise and use tax exemptions for the period January 1, 2022, through December 31, 2023, and to increase, effective on January 1, 2022, the conveyance taxes for the sale of non-commercial properties valued at \$4,000,000 or greater. The intent was to generate more revenues for state services.

This bill is objectionable because the increase in conveyance tax rates for non-commercial properties will have significant unintended consequences on the development of affordable rental housing and other transactions. The bill did not define commercial properties and adopts the definition applicable in each county, which is problematic and could have negative inadvertent consequences for family-owned businesses, agriculture, industrial , public service, preservation and conservation projects.

Projects with community benefit that will be adversely affected by this increase in conveyance tax include, for example: Castle and Cooke's plan to gift 16 acres of land valued at \$16 million for the relocation of Wahiawa General Hospital; a pending proposal preserve 380 units of existing affordable rental apartments in Chinatown; a plan to purchase 87 acres of former Dole plantation lands in Waialua for affordable housing; and a pending proposal to preserve and renovate 143 affordable rental apartments in Waipahu.

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HOUSE BILL NO. 58  
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Further, the generation of more revenues for state services in the manner proposed by this bill is no longer necessary. Hawaii's fiscal situation has improved dramatically from the time that the fiscal biennium 2021-2023 Executive Biennium Budget and Financial Plan was presented to the Legislature in December 2020. Since then, the Council on Revenues met three times and increased its general fund revenue projections for fiscal years 2020-2021 through 2026-2027 by a total of \$6.1 billion over this seven-year period. In addition, the Coronavirus Response and Relief Supplemental Appropriations Act of 2020 and the American Rescue Plan Act of 2021 provide substantial federal funding to address a range of pandemic-related state costs, including almost \$600 million for the Department of Education and \$1.64 billion of general-purpose funding to mitigate state revenue losses and increased COVID-related expenses. Circumstances have changed so much that there is no longer the pressing need for the extraordinary revenue actions proposed in this bill.

For the foregoing reasons, I am returning House Bill No. 58 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "David Y. Ige", with a stylized flourish at the end.

DAVID Y. IGE  
Governor of Hawai'i