

STAND. COM. REP. NO.

1061

Honolulu, Hawaii

MAR 16 2007

RE: H.B. No. 252  
H.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and Affordable Housing, to which was referred H.B. No. 252, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONVEYANCE TAXES FOR SPECULATIVE SALES,"

begs leave to report as follows:

The purpose of this measure is to curb speculative residential homes sales by increasing the conveyance tax rates for sales of condominiums or single family residences where the purchaser is ineligible for a county homeowner's property tax exemption.

Your Committee received testimony in support of this measure from the Nature Conservancy of Hawaii, the Trust for Public Land, and the Sierra Club-Hawaii. Testimony in opposition to this measure was submitted by the Department of Taxation; the Hawaii Association of Realtors; the National Federation of Independent Business; Wyndham Vacation Ownership, Inc.; and one individual. The Hawaii Tax Foundation submitted comments.

The Department of Taxation testified that this measure would result in a revenue gain to the general fund of less than \$565,620. The Department of Taxation did not provide testimony as to the method used in determining the fiscal impact of this measure.



Your Committee finds that certain percentages of the conveyance tax are paid to the Land Conservation Fund, the Natural Area Reserve Fund, and the Rental Housing Trust Fund. This measure will increase the conveyance tax rate and create more revenue to support these recipients. In addition, since the conveyance tax increase would only apply to dwelling sales for which the purchaser is ineligible for a county homeowner's property tax exemption, the tax increase would help curb speculative investment in residential property, thereby potentially resulting in more stable and affordable dwelling prices.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 252, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Affordable  
Housing,



BRIAN T. TANIGUCHI, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Commerce, Consumer Protection and Affordable Housing**  
**CPH**

Bill / Resolution No.:* <b>HB 252 HDI</b>	Committee Referral: <b>CPH, EDT, WAM</b>	Date: <b>3/14/07</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
IGE, David Y. (VC)				✓
ESPERO, Will		✓		
IHARA, Jr., Les				✓
SAKAMOTO, Norman	✓			
SLOM, Sam			✓	
<b>TOTAL</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Will Espero</i>				
Distribution:             Original     Yellow     Pink File with Committee Report     Clerk's Office     Drafting Agency				

\*Only one measure per Record of Votes