

STAND. COM. REP. NO.

2523

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 2225
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 2225, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to provide measures to assist in alleviating the problems of housing and homelessness in the State.

Specifically, this measure:

- (1) Repeals the sunset date for the allocation of the conveyance tax under section 247-7, Hawaii Revised Statutes, into the Rental Housing Trust Fund established under section 201H-202, Hawaii Revised Statutes, thus making the allocation permanent;
- (2) Appropriates the sum of \$2,000,000 to the Hawaii Public Housing Authority to conduct repair and maintenance on public housing projects;
- (3) Authorizes general obligation bonds in the sum of \$40,200,000 for the Hawaii Public Housing Authority to conduct capital improvement projects to repair and renovate public housing;



- (4) Appropriates the sum of \$1,500,000 to the Hawaii Public Housing Authority to provide security in public housing projects;
- (5) Appropriates the sum of \$5,300,000 to the Hawaii Public Housing Authority to provide outreach or support services to unsheltered homeless, at-risk homeless, and those residing in homeless facilities; and
- (6) Authorizing general obligation bonds in the sum of \$32,000,000 for the Hawaii Public Housing Authority to fund homeless facilities, emergency shelters, and transitional shelters on the islands of Oahu and Hawaii.

Your Committee received testimony in support of this measure from the Department of Taxation; Hawaii Housing Finance and Development Corporation; Hawaii County Office of Housing and Community Development; Neighborhood Board #8, McCully-Moiliili; Catholic Charities Hawai'i; Friends of Pai'olu Kaiaulu; Partners in Care; Hawaii Association of Realtors; and Hawaii Habitat for Humanity. Comments were received from the Tax Foundation of Hawaii.

The most recent estimate of the total number of homeless persons in Hawaii is 6,029 on any given day, which does not reflect the number of people who are considered "hidden homeless" or those who are at-risk of homelessness. Homelessness and the lack of affordable housing are two crises that continue to be significant and challenging social problems in the State.

This measure provides additional funds, including extending the allocation of the conveyance tax into the Rental Housing Trust Fund, will aid in addressing the homelessness problem in the State.

The Department of Taxation stated that there will be no impact on overall tax collections, however, the allocation of funds will be affected. There is an expected general fund tax revenue loss of approximately \$11,700,000 for fiscal year 2009 and annually thereafter. The Rental Housing Trust Fund will increase by the same amount. The general fund expenditures are expected to increase by \$8,800,000, however, this will not impact revenue because these expenditures are by means of bonds.



According to the Department of Taxation's Annual Report, total conveyance tax revenue for fiscal year 2007 was \$46,900,000. It was expected that after Act 100, Session Laws of Hawaii 2006, was repealed, an additional twenty-five per cent of the conveyance tax revenue would be deposited into the general fund. This amount is therefore assumed to be revenue lost as a result of making the conveyance tax allocation to the Rental Housing Trust Fund permanent.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to continue the discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2225, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.B. No. 2225, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,



CAROL FUKUNAGA, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:* <i>SB 2225, SDI</i>	Committee Referral: <i>CPH/HSP, EDT, WAM</i>	Date: <i>2/14/08</i>		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
BAKER, Rosalyn H.	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam	<i>WR</i>		✓	
TOTAL	<i>4</i>		<i>1</i>	<i>1</i>
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 Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes