

STAND. COM. REP. NO. 2500

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 3165  
S.D. 1

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

Madam:

Your Committees on Economic Development and Taxation and Transportation and International Affairs and Human Services and Public Housing, to which was referred S.B. No. 3165 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose of this measure is to clarify when and for what purposes a county may grant certain tax exemptions when planning mass transit oriented joint development projects.

Specifically, the measure specifies that counties shall not grant a general excise tax or receipt tax exemption for a mixed use transit oriented joint development project. The measure also provides a general excise tax exemption for affordable housing developments and community health care facilities within a mixed use transit oriented joint development project. Furthermore, the measure exempts operators of fixed guideway transportation systems from the general excise tax, when operated under a contract with a county.

Testimony in support of this measure was submitted by the Hawaii Association of REALTORS, the College of Social Sciences at the University of Hawaii, the Hawai'i Alliance for Community-Based Economic Development, Environmental Planning Solutions, LLC, and one individual citizen. Testimony in opposition of this measure was submitted by the Hawaii Housing Finance and Development Corporation, the Department of Taxation, the Department of Transportation, and the Building Industry Association.

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Your Committees find that the type of Transit Oriented Development contemplated in this measure is clearly within the range of Transit Oriented Developments authorized or approved by federal transit authorities. The retention of State authorization of only the general excise tax exemptions (4% only) allows the State to aggregate potential general excise tax exemption 'savings' with other financing mechanisms available through Housing and Finance Development Corporation of Hawaii affordable housing tools.

Your Committees appreciate the concerns raised by various state and county agencies regarding the timing of the measure, well in advance of the design and construction of the City and County of Honolulu's mass transit system. However, your Committee believes these concerns can be addressed through a close review of the proposal from the perspective of long-standing Transit Oriented Development and federal/state/county affordable housing development practices.

The proposed combination of affordable housing or healthcare facilities enhances the State's ability to invent "aging-in-place" strategies for areas with higher-than-average populations of senior residents, while complementing the City and County of Honolulu's mass-transit planning and zoning designs. Communities such as Ala Moana, Kakaako, and McCully would benefit from these types of development projects.

Your Committees did not receive a fiscal impact statement from the Department of Taxation because of the difficulty of hard data on gross income received by taxpayers for the affordable rental housing projects or healthcare facility projects, but the Department did note that there would be a potential revenue loss.

Your Committees have amended this measure by:

- (1) Preserving the county surcharge tax of one-half of one per cent while authorizing the Housing and Finance Development Corporation of Hawaii to retain authorization authority for state general excise tax exemptions for affordable housing or healthcare facilities;
- (2) Assuring that City Transit Oriented Development requirements are met by any proposed affordable housing



or community healthcare facility development projects;  
and

- (3) Requiring the development to meet federal and State requirements for affordable housing as administered by Housing and Finance Development Corporation of Hawaii.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Transportation and International Affairs and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3165, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3165, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Economic Development and Taxation and Transportation and International Affairs and Human Services and Public Housing,

  
\_\_\_\_\_  
J. KALANI ENGLISH, Chair

  
\_\_\_\_\_  
CAROL FUKUNAGA, Chair

  
\_\_\_\_\_  
SUZANNE CHUN OAKLAND, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

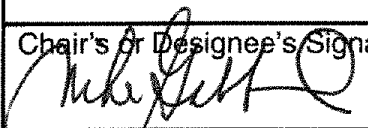
**Record of Votes**  
**Committee on Economic Development and Taxation**  
**EDT**

Bill / Resolution No.:* <i>SB 3165</i>	Committee Referral: <i>EDT/TIA/HSP, 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"/> Re-commit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
BAKER, Rosalyn H.	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam			✓	
<b>TOTAL</b>	<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: <div style="text-align:center; font-family: cursive; font-size: 1.2em; margin-top: 10px;"><i>Will Espero</i></div>				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
Twenty-Fourth Legislature  
State of Hawaii


**Record of Votes**  
**Committee on Transportation and International Affairs**  
**TIA**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 3165	EDT/TIA/HSP, WAM	2-14-08		
<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
ENGLISH, J. Kalani (C)	✓			
GABBARD, Mike (VC)	✓			
ESPERO, Will				✓
HOOSER, Gary L.				✓
INOUYE, Lorraine R.	✓			
TSUTSUI, Shan S.	✓			
TRIMBLE, Gordon				✓
<b>TOTAL</b>	4	0	0	3
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

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The Senate  
Twenty-Fourth Legislature  
State of Hawaii

Record of Votes  
Committee on Human Services and Public Housing  
HSP

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 3165	EDT/HIA/HSP, WAM	2/14/08		
<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
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)				✓
HOOSER, Gary L.	✓			
SAKAMOTO, Norman				✓
HEMMINGS, Fred	✓			
<b>TOTAL</b>	3			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

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