

STAND. COM. REP. NO.

2848

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 3165
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 Ways and Means, to which was referred S.B. No. 3165, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to provide for affordable housing, healthcare and care for the elderly, and services to Hawaii's disadvantaged with respect to mixed-use transit-oriented joint development project opportunities.

Specifically, this measure authorizes the Hawaii Housing Finance and Development Corporation to approve and certify for exemption from the general excise tax any project that provides affordable rental housing or community health care facilities within a mixed-use transit-oriented joint development project approved by the Corporation.

The measure also clarifies that additional amounts not subject to the general excise tax applies to amounts received by an operator of a county bus transportation system. Furthermore, this measure exempts from the general excise tax, amounts received by the operator of a county fixed guideway transportation system and imposes certain conditions and qualifications on the exemption relating to the county's budget and budgeting process. Finally, this measure limits the exemption under the use tax in chapter 238, Hawaii Revised Statutes, to affordable rental housing units.



Your Committee received testimony in support of this measure from the Public Policy Center of the College of Social Sciences of the University of Hawaii, the Hawaii Association of Realtors, and the Hawaii Alliance for Community-Based Economic Development. The Hawaii Housing Finance and Development Corporation of the Department of Business, Economic Development, and Tourism submitted testimony in opposition to this measure and the Department of Taxation offered comments.

Upon further consideration, your Committee has amended this measure by:

- (1) Adopting the suggestions offered by the City and County of Honolulu to:
 - (A) Delete all provisions relating to the exemption from the general excise tax of amounts received by the:
 - (i) Operator of a county bus transportation system; and
 - (ii) Operator of the fixed guideway transportation system, including provisions relating to the City and County of Honolulu's budget and budgeting process.
 - (B) Remove the definition of "eligible development costs" with respect to claiming a general excise tax exemption;
 - (C) Remove federal approval of mixed-use transit-oriented joint development projects; and
 - (D) Allow community healthcare facilities to claim the use tax exemption; and
- (2) Make technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3165, S.D. 1, as amended herein, and recommends that it pass



Third Reading in the form attached hereto as S.B. No. 3165,
S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

Rosalyn H. Baker

ROSALYN H. BAKER, Chair



