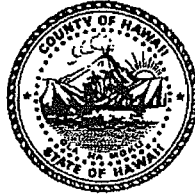


SB 199

William P. Kenoi
Mayor



LATE

Stephen J. Arnett
Housing
Administrator

County of Hawaii
OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT

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February 3, 2009

The Honorable Donna Mercado Kim Chair
The Honorable Shan S. Tsutsui, Vice Chair
and Committee Members
Committee on Ways and Means

Twenty-Fifth Legislature
Regular Session of 2009

SUBJECT: **Senate Bill 199**
Hearing Date: 02-05-09
Time: 9:30 AM
Conference Room: 211

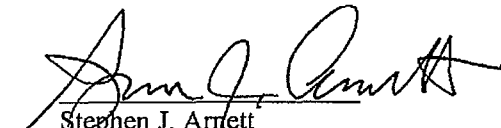
The Office of Housing and Community Development (OHCD) **strongly opposes** Senate Bill 199.

The Office of Housing and Community Development (OHCD) strongly opposes sections of Senate Bill 199 which establishes the repeal of all tax credits for taxable years beginning after December 31, 2010. The OHCD strongly opposes repeal of:

- **§235-110.8.** The low-income housing tax credits are an important financing tool for low-income rental housing projects that would otherwise not be financially feasible.

The repeal of the tax credits and exemptions would have dire consequences on the development of low-income rental housing. The financing of affordable, low-income rental housing has been severely hampered due to the current credit crisis in the private financing markets. This repeal would further challenge the capacity of developers in providing affordable housing during an anticipated time of great need.

The OHCD respectfully request the Committee to oppose the repeal of the above citations within SB 199. Thank you for your careful consideration of the negative impacts of this bill.


Stephen J. Arnett
Housing Administrator



LATE

Department of Taxation

Position Summary

Senate Committee on Ways & Means/March 4, 2009

199

Bill Number	Bill Title "Relating to..."	Position	Comments	Revenue Impact	Methodology
SB 1106 SD 1	TAXATION	Support Intent; Request Amendments Contained in SB 1230 SD 1	The Department suggests that the substance of the HARPTA amendments contained in SB 1230 SD 1 subsection (h) be adopted. The Department's provision requires the seller to obtain a tax clearance as to the specified tax matters.	Unknown revenue gains. This bill estimated a potential annual shortfall of \$1.3 million in withholding tax revenues by nonresident sellers of real property.	This bill estimated a potential annual shortfall of \$1.3 million in withholding tax revenues by nonresident sellers of real property. The requirement that nonresident sellers furnish a tax clearance to the bureau of conveyance will help eliminate that estimated shortfall from nonresident sellers of real property and may also increase other revenues due from TAT and GET. The Department will incur additional cost to process the tax clearance certificates for nonresident sellers.

SB 199

TAXATION

The Department supports the general concept of built-in repeal of tax incentives.

*Eliminate the repeal for taxes paid to other jurisdictions for constitutional reasons (235-55).
*Consider adding the corollary tax credits from other chapters (239, 241, and 431)

Total Revenue Gain: \$196.6 million per year.

Based on the 2006 Tax Credit data set, the revenue impact was claimed for each specific credit. As of TY 2006, the ethanol facility tax credit has not been claimed since its inception. There was also no data for the Refundable Food/Excise Tax Credit and Important Agricultural Land Tax Credit. For the Ko Olina Tax Credit, to maintain taxpayer confidentiality, the number and dollar amount of credit claimed for tax year 2006 cannot be disclosed.

The Tax Credits for Resident Taxpayers was calculated by extracting only the resident taxpayers for Table 1 of the 2006 Tax Credit Report. The following credits were added to the total: Low Income Credit, Renter's Credit, Dependent Care Credit, Child Car Seat Credit, Other State Taxes Credit, Enterprise Zone Credit, Energy Conservation tax credit, Vocational Rehabilitation Job Credit, IDA Credit, School Repair & Maintenance Credit, Renewable Energy Technology Credit, Low Income Housing Credit, High Technology Credit, Residential Remodeling Credit, Capital Goods Credit, Fuel Fishing Credit, Movie Credit,