

# LATE TESTIMONY



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**Via E-Mail: [WLOtestimony@Capitol.hawaii.gov](mailto:WLOtestimony@Capitol.hawaii.gov)**

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**Opposition to HB 1953 Relating to Taxation**  
**(general excise tax at the rate of 1.0% on the gross proceeds from the sale of real property)**

Honorable Chair Ken Ito, Vice Chair Sharon Har and Members House Water, Land and Ocean Resources Committee:

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

While LURF understands and supports the general intent of the bill, however we must **strongly oppose HB 1953**, as it will substantially increase the conveyance tax on the sale of homes and would result in a substantial financial burden on first-time home buyers; it will also cause financial problems for island families who own large properties and may want to transfer property within the family or to causes benefiting the environment or agricultural programs; and it will also have major negative consequences for many of Hawaii's large *Kama`aina* landowners who may be transferring large properties for agricultural farms, housing developments, environmental programs, or other developments which would serve the community. Perhaps instead of imposing taxes on certain real property sales, the state can explore a small increase in the GET with a dedicated amount for State infrastructure projects necessary to accommodate land development and population growth (like the Rail surcharge).

**HB 1953.** The proposed legislation would impose the general excise tax at the rate of 1.0% on the gross proceeds from the sale of real property less deductions for real estate salespersons' commissions and conveyance tax payments. The funds raised by the GET increase will be used for State infrastructure projects necessary to accommodate land development and population growth. It would take effect on July 1, 2010 and sunsets on June 30, 2015. The proposed bill also appropriates revenues for state programs and

projects to accommodate land development and population growth resulting from land use plans and policies.

**LURF'S OPPOSITION TO HB 1953.** LURF respectfully **opposes** **HB 1953**, based on, among other things, the following:

- This bill will substantially increase the cost of affordable housing, and those costs will be passed on to home buyers;
- This bill will have unintended consequences, especially for our island families who own large properties and may want to transfer property within the family or to causes benefiting the environment or agricultural programs;
- This bill will have major negative consequences for many of Hawaii's large *Kama`aina* landowners who may be transferring large properties for agricultural farms, housing developments, environmental programs, or other developments which would serve the community.

We understand that the State is facing a budget crisis; however, we believe that it would be counter-productive to increase the taxes which will be passed on to those trying to purchase affordable housing and first-time home buyers; on businesses and on *Kama`aina* land owners who provide employment and the opportunities for more economic development

**CONCLUSION.**

Thank you for the opportunity to express our **opposition to HB 1953.**