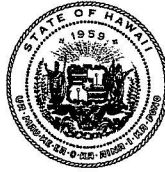


LINDA LINGLE  
GOVERNOR



RUSS K. SAITO  
Comptroller

SANDRA L. YAHIRO  
Deputy Comptroller

STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES  
P.O. BOX 119  
HONOLULU, HAWAII 96810-0119

# LATE TESTIMONY

TESTIMONY  
OF  
RUSS K. SAITO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
FINANCE  
ON  
February 24, 2010  
H.B. 2318, H.D. 1

## RELATING TO THE HOMELESS

Chair Oshiro and members of the Committee, thank you for the opportunity to testify on H.B. 2318, H.D. 1.

The Department of Accounting and General Services (DAGS) has concerns about this bill because it will require funds to implement that are not in the Administration's supplemental budget. Furthermore, currently, all homeless programs are operating at their limits. It would be disadvantageous to the State to add the program this bill proposes if it means that some of the existing homeless programs must be reduced or eliminated.

I also note that this bill would establish a "Parks for Homeless Special Fund". DAGS is opposed to an increase in the conveyance tax that this bill proposes as a means to finance the fund because of the negative effect it will have on the economy. DAGS also has concerns about the imposition of a matching amount to be placed into the Parks

for Homeless Special Fund by the counties. This will mean further tax increases, not a good thing in a down economy.

DAGS notes that the "housing first" approach works. However, there is a cost, sometimes significant, to provide rent subsidies for residents, as well as the services that residents need to raise themselves above the homeless state. In addition, the Housing First Program requires patience as residents costs will slip and revert to the habits that made them chronically homeless. The housing first philosophy is not to kick residents but to work with them over the long haul to make them able to move on to self sufficiency.

If the moneys for this bill could obtained without affecting other programs in the Administration's budget DAGS would support a "housing first" process that would assertively encourage treatment and compliance on the part of residents.

Thank you for the opportunity to testify on this matter.



DEPARTMENT OF  
**HOUSING AND HUMAN CONCERNS**  
COUNTY OF MAUI

CHARMAINE TAVARES  
Mayor

LORI TSUHAKO  
Director

JO-ANN T. KIDAO  
Deputy Director

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February 23, 2010

LATE

Honorable Marcus R. Oshiro, Chair  
and Members of the Committee on Finance  
House of Representatives  
Twenty-Fifth State Legislature  
State of Hawaii  
State Capitol, Room 306  
Honolulu, Hawaii 96816

Dear Chair Oshiro and Members:

**SUBJECT: HB 2318, HD 1, RELATING TO HOMELESS**

The County of Maui opposes HB 2318, HD 1, Relating to Homeless. This legislation proposes to establish a State Parks for Homeless Special Fund (PHSF) which would be funded with proceeds from an increase in the Conveyance Tax and mandated contributions from the counties. The PHSF would be used to allow the counties to provide support to programs that address homelessness. In addition, it provides a specific appropriation to the Hawaii Public Housing Authority to implement the Housing First Pilot Program.

Objections to HB 2318, HD 1 are found on several levels:

- (1) The bill includes an unconstitutional mandate for the counties to contribute to the PHSF.
- (2) The bill provides for the PHSF to be established in the State treasury, but to be administered by the finance department of any county that receives funding from the PHSF. It would be inappropriate for a county to administer any fund in the State treasury. It would be more efficient for the State to appropriate grants from the PHSF directly to the counties so they may fund their programs that address homelessness.

While the County of Maui is sensitive to the plight of individuals and families experiencing homelessness, we do not believe HB 2318, HD 1 offers a reasonable, desirable, and legal valid means of helping this segment of the community. We reiterate our objections to this legislation.

Sincerely,



LORI TSUHAKO  
Director of Housing and Human Concerns

xc: Charmaine Tavares, Mayor, County of Maui  
Representative Joe Bertram, III  
Representative Mele Carroll  
Representative Gilbert Keith-Agaran  
Representative Angus McKelvey  
Representative Joseph Souki

LINDA LINGLE  
GOVERNOR

JAMES R. AIONA, JR.  
LT. GOVERNOR



KURT KAWAFUCHI  
DIRECTOR OF TAXATION

SANDRA L. YAHIRO  
DEPUTY DIRECTOR

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## HOUSE COMMITTEE ON FINANCE

### TESTIMONY REGARDING HB 2318 HD 1 RELATING TO THE HOMELESS

**TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)**  
**DATE: FEBRUARY 24, 2010**  
**TIME: 10AM**  
**ROOM: 308**

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This measure, as amended, increases the conveyance tax on the sale of homes over \$1,200,000 to finance a pilot project for providing services to the chronically homeless.

The Department of Taxation (Department) **opposes** the tax increase in measure as an unwarranted tax increase.

#### **I. THE ISSUE OF PROVIDING HOMELESS SERVICES IS IMPORTANT.**

The Department recognizes that providing shelter and services to the homeless is an important issue; however these priorities and projects must be budgeted and prioritized just like every other state expenditure through the use of general funds rather than earmarks and diversions of tax revenues.

#### **II. OPPOSED TO INCREASING THE CONVEYANCE TAX**

The Department is opposed to the conveyance tax increase in this measure because ultimately the increase will merely make property prices more expensive. Taxes such as the conveyance tax will be recovered through the sales price of the property. This will not help in alleviating the already high real property prices in Hawaii.

#### **III. REVENUE IMPACT**

As amended, this legislation will result in the following revenue gains:

- **General Fund:** Annual revenue gain is estimated at \$1.6 million for FY 2011 & FY

2012, and \$1.2 million for FY 2013 & after.

- **Special Fund:** The annual special funds will increase as follows:

(in \$million)	FY 2011 & FY 2012	FY 2013 & After
Parks for Homeless Fund	\$0.4	\$0.4
Land Conservation Fund	\$0.3	\$0.3
Rental Housing Fund	\$0.9	\$1.1
Natural Area Fund	\$0.7	\$0.9

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