

SB 1118



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LURF

Via Capitol Website

February 27, 2009

**Senate Committee on Ways and Means
Hearing Date: Friday, February 27, 2009, at 9:00 a.m. in CR 211**

**Testimony in Support of SB 1118, SD1 Relating to Low Income Housing
(Shortens period to exercise tax credits from 10 years to 5 years)**

Honorable Chair Donna Mercado Kim, Vice-Chair Shan Tsutsui
and Ways and Means Committee Members:

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.

LURF supports SB 1118, SD1, which shortens the period over which low-income housing tax credits can be taken from ten years to five years.

SB 1118, SD1. The Senate Committee on Education and Housing has amended this measure by deleting its contents and replacing it with the language in SB 861. As amended this measure shortens the period over which the state low-income housing tax credit can be taken from ten years to five years, thus allowing taxpayers to claim larger tax credit amounts over a shorter period of time.

LURF's Position. LURF supports **SB 1118, SD1**, because amending the period over which state low income housing tax credits are taken from ten years to five years would increase the present value of the credits when sold to investors, allow taxpayers to claim larger tax credit amounts over a shorter period of time, and provide a more attractive financing incentive to potential developers of affordable rental housing.

Based on the above, we respectfully request your **favorable consideration of SB 1118, SD1.**

Thank you for the opportunity to express our **support for SB 1118, SD1.**

Department of Taxation

Position Summary

Senate Committee on Ways & Means/February 27, 2009 Agenda

V/E

Bill Number	Bill Title "Relating to..."	Position	Comments	Revenue Impact	Methodology
SB 37 SD 1	INTRA-COUNTY FERRY SERVICE	Opposed to revenue loss	No technical comments.	\$67,500 for FY 2010 and after.	There are two ferry companies that would be affected. Estimated gallonage was determined from the distance between the relevant harbors for each of the routes and the fuel use and price as reported in an article appearing in the Maui News on May 28, 2008 'PUC Rate Relief Sought by Molokai, Lanai Ferry Businesses'. An estimate of 421,646 gallons of fuel would be used per year at a price of \$4.00 per gallon before taxes. The GET exemption would cost the General Fund \$67,500 annually (=421,646 x 4.00 x 0.04).

SB 436 SD 1	LIFE SCIENCES	Opposed to revenue loss	No technical comments.	Indeterminate.	Due to no hard data on the number of qualified clinical trials and the amount of qualified clinical trial costs, revenue impact is indeterminate. However, if the qualified clinical trial cost were \$100 million, then annual revenue loss would be \$15 million annually. According to industry, close to 300 clinical trials are currently underway in Hawaii.
* SB 1118 SD 1	LOW-INCOME HOUSING	Support	No technical comments.	*FY 2011 \$ 1,275,000 *FY 2012 \$ 2,550,000 *FY 2013 \$ 3,187,500 *FY 2014 \$ 3,442,500 *FY 2015 \$ 3,697,500	Assuming annual federal grant is \$2.55 million.