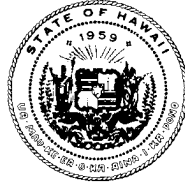


SB2593

Linda Lingle
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO

Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON EDUCATION AND HOUSING

February 10, 2010, 1:20 p.m.
Room 225, State Capitol

In consideration of
S.B. 2593
**RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION.**

The HHFDC opposes S.B. 2593. While we agree that it is important to ensure that General Excise Tax (GET) exemption claimants stay in compliance with all statutory and administrative requirements to claim their GET exemptions, we do not believe that the HHFDC is the appropriate agency to conduct the periodic reviews proposed in this bill.

Although the HHFDC does retain information on the GET exemptions it has certified itself, the Counties are also empowered to issue GET exemptions to the same extent pursuant to section 46-15.1, Hawaii Revised Statutes. The HHFDC cannot determine the number and extent of County GET exemptions issued to date, and thus, the extent of the potential workload burden of conducting periodic reviews of "all housing projects for which a claimant has received a general excise tax exemption" as proposed in S.B. 2593.

We also note that the Department of Taxation has proposed an Administration bill, S.B. 2748, Relating to General Excise Tax. S.B. 2748 would improve the Department's ability to enforce proper utilization of all GET exemptions. Because of the Department's expertise in tax enforcement, and because it does receive copies of Department of Taxation Form G37s for all eligible affordable housing projects certified by both HHFDC and the Counties, we feel that S.B. 2748 is a better vehicle to accomplish what this bill seeks to do.

Thank you for the opportunity to testify.



Email to: EDHTestimony
Hearing on: February 10, 2010 @ 1:20 p.m.
Conference Room 225

DATE: February 10, 2010

TO: Senate Committee on Education and Housing
Senator Norman Sakamoto, Chair
Senator Michelle Kidani, Vice Chair

FROM: Dennis Arakaki, Executive Director

RE: SUPPORT INTENT OF SB 2592, RELATING TO THE GENERAL EXCISE TAX
SUPPORT INTENT OF SB 2593 RELATING TO THE HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION
SUPPORT INTENT OF SB 2594 RELATING TO HOUSING

Honorable Chair Senator Sakamoto, Vice Chair Senator Kidani and members of the Senate Committee on Education and Housing, I am Dennis Arakaki, **representing both the Hawaii Family Forum and the Roman Catholic Church in the State of Hawaii.**

Hawaii Family Forum is a non-profit, pro-family education organization committed to preserving and strengthening families in Hawaii, representing a network of over 250 Christian churches. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in Hawaii, which under the leadership of Bishop Larry Silva, represents over 220,000 Catholics in Hawaii. I also speak in behalf our community partner, the Catholic Schools of Hawaii.

We are in support the intent of **SB 2592, SB 2593 and SB 2594**, to provide General Excise Tax exemptions as a way of providing incentives to developers and owners of rental units for low and moderate income renters and for homeowners residing in new or substantially rehabilitated homes.

Thank you for allowing me to testify on these measure.

Nani Medeiros

2499 Kapiolani Blvd. #1403
Honolulu, HI 96826
Tel: 808*497*1106

Senate Committee on Education and Housing

The Hon. Norman Sakamoto, Chair

The Hon. Michelle Kidani, Vice Chair

Senate Bill 2592, 2593, 2594

Relating to the General Excise Tax, Relating to the Hawaii Housing Finance and Development Corporation, Relating to Housing

February 10, 2010 – 1:20 p.m.

State Capitol Room 225

Thank you for the opportunity to testify, as an individual in support of Senate Bills 2592, 2593, and 2594. Due to the similarity of the issues these measures cover I have condensed my testimony in support of all three bills into one submission.

There is some ambiguity in the current 201H statute that provides GET exemptions for affordable housing. In today's economy, it makes good sense to re-examine this and other GET exemptions and determine if they are serving the best interest of the people of Hawaii. In the case of these measures, I believe they provide clear direction to the State on the intent of the legislature to provide GET exemptions and to require accountability in that process.

The main issues that these bills address are: (1) fairness; (2) hundreds of millions of GET revenues remaining in State for the benefit of the people of Hawaii; and (3) clarification of legislative intent and administrative procedure.

I urge you to pass this measure, provide a more level and fair playing field for all who need affordable housing and the developers of such projects, in addition to making available hundreds of millions of dollars into the economy at a time we desperately need these tax dollars. Thank you for this opportunity to testify in support of this very important bill.