

STAND. COM. REP. NO.

596

Honolulu, Hawaii

Feb 18, 2011

RE: H.B. No. 1306

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1306 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this bill is to:

- (1) Require that every claim for a general excise tax exemption and exemption from taxes on income and obligations for affordable housing projects must be reviewed by the Hawaii Housing Finance and Development Corporation (HHFDC) and the Department of Taxation (DOTAX) before initial or renewal certification;
- (2) Authorize an audit of such exemptions by the Auditor as directed by the Legislature;
- (3) Require HHFDC to maintain records of qualifications for affordable housing project tax exemptions which shall be public records, available on request; and
- (4) Require DOTAX to maintain an annual and cumulative record of all of these tax exemptions and submit an annual report to the Legislature.

HB1306 HD1 HSCR HSG HMS 2011-2430



A concerned individual supported this bill. An individual opposed this bill. The HHFDC, Hawaii Association of REALTORS®, and the Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by:

- (1) Requiring that certification for tax exemptions for affordable housing projects be renewed every four years;
- (2) Deleting the provision that certain exemptions from tax on income and obligations are subject to the requirements for general excise tax exemptions, such as four-year certifications and audits;
- (3) Deleting the record maintenance requirement;
- (4) Requiring all fees collected by the HHFDC in connection with affordable housing projects be deposited into the Rental Housing Trust Fund;
- (5) Removing proprietary information from public record access;
- (6) Requiring that all funds collected from claims that do not meet the requirements for an exemption be deposited into the Rental Housing Trust Fund;
- (7) Repealing the provision in the statutes, relating to county powers and housing, granting county housing projects a general excise tax exemption; and
- (8) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1306, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1306, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Housing,



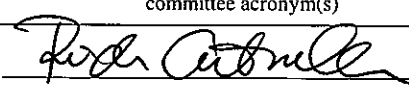
RIDA T.R. CABANILLA, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 596

Record of Votes of the Committee on Housing

| Bill/Resolution No.: HB 1306 | Committee Referral: HSG, FIN | Date: 2-9-11 | | |
|---|--|------------------------|------|----------|
| <input type="checkbox"/> The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit) | | | | |
| HSG Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. CABANILLA, Rida T.R. (C) | ✓ | | | |
| 2. CHONG, Pono (VC) | ✓ | | | |
| 3. CARROLL, Mele | ✓ | | | |
| 4. CHANG, Jerry L. | ✓ | | | |
| 5. COFFMAN, Denny | ✓ | | | |
| 6. HAR, Sharon E. | | | | ✓ |
| 7. HERKES, Robert N. | ✓ | | | |
| 8. ITO, Ken | ✓ | | | |
| 9. MORITA, Hermina M. | ✓ | | | |
| 10. NAKASHIMA, Mark M. | ✓ | | | |
| 11. PINE, KyMBERly Marcos | ✓ | | | |
| 12. THIELEN, Cynthia | ✓ | | | |
| | | | | |
| TOTAL (12) | 11 | | | 1 |
| The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div> | | | | |
| Vice Chair's or designee's signature: <u></u> | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |