

STAND. COM. REP. NO. 789

Honolulu, Hawaii
March 8, 2011

RE: H.B. No. 1306
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 1306, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this bill is to provide for the development of affordable housing in a transparent and fiscally responsible manner by, among other things:

- (1) Eliminating the exemption from general excise and receipts taxes for county affordable housing projects;
- (2) Requiring that every claim for a general excise tax exemption for qualified affordable housing projects be reviewed by the Hawaii Housing Finance and Development Corporation (HHFDC) and the Department of Taxation (DOTAX) prior to initial or renewal certification;
- (3) Requiring that certifications of a general excise tax exemption for qualified affordable housing projects be renewed every four years;
- (4) Authorizing the Auditor, at the direction of the Legislature, to audit any certified general excise tax exemption for qualified affordable housing projects;



- (5) Requiring DOTAX to maintain an annual and cumulative record of all general excise tax exemptions granted to qualified affordable housing projects; and
- (6) Diverting program fees charged by HHFDC in connection with the approval and certification of affordable housing general excise tax exemptions from the Dwelling Unit Revolving Fund to the Rental Housing Trust Fund.

Several concerned individuals supported this bill. HHFDC, DOTAX, Kauai County Housing Agency, Tax Foundation of Hawaii, and Hawaii Association of REALTORS provided comments.


Your Committee has amended this bill by:

- (1) Restoring the program fees to the Dwelling Unit Revolving Fund;
- (2) Making its provisions applicable to taxable years beginning after December 31, 2011;
- (3) Removing provisions that make public all records maintained in association with the HHFDC affordable housing general excise tax exemption;
- (4) Providing that by claiming the general excise tax exemption for a qualified affordable housing project, a taxpayer consents to the public disclosure of the taxpayer's name and status as a claimant;
- (5) Changing its effective date to July 1, 2030, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1306, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1306, H.D. 2.



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


MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 789

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 1306, HD1	Committee Referral: HSG, FIN	Date: 2/24/11		
<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)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. CHONG, Pono	✓			
4. CHOY, Isaac W.	✓			
5. COFFMAN, Denny				✓
6. CULLEN, Ty	✓			
7. HAR, Sharon E.	✓			
8. HASHEM, Mark J.	✓			
9. ICHIYAMA, Linda	✓			
10. JORDAN, Jo	✓			
11. LEE, Chris	✓			
12. MORIKAWA, Dee	✓			
13. TOKIOKA, James Kunane	✓			
14. YAMASHITA, Kyle T.	✓			
15. MARUMOTO, Barbara C.	✓			
16. RIVIERE, Gil	✓			
17. WARD, Gene	✓			
TOTAL (17)	16	0	0	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: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u> Marilyn B. Lee </u>				
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