

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
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FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

HOUSE COMMITTEE ON FINANCE

TESTIMONY OF THE DEPARTMENT OF TAXATION REGARDING HB 808 RELATING TO CONVEYANCE TAX

TESTIFIER: FREDERICK D. PABLO, DIRECTOR OF TAXATION
(OR DESIGNEE)

COMMITTEE: FIN

DATE: FEBRUARY 25, 2011

TIME: 11:00AM

POSITION: COMMENTS

This measure temporarily suspends the distribution of a portion of the conveyance tax to the land conservation fund and rental housing trust fund and reduces distribution to the natural area reserve fund.

The Department of Taxation defers to the Department of Budget and Finance on the merits of this measure.

This measure reduces:

- Land conservation fund by \$4.1 million in FY12 and \$4.1 million in FY 13
- Rental housing trust fund by \$10.2 million in FY12 and \$12.2 million in FY 13
- Natural area reserve fund by \$4.1 million in FY 12 and \$6.1 million in FY 13.

NEIL ABERCROMBIE
GOVERNOR



DENISE M. WISE
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
Honolulu, Hawaii 96817

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

Statement of
Denise M. Wise
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON FINANCE

February 25, 2011 11:00 A.M.
Room 211, Hawaii State Capitol

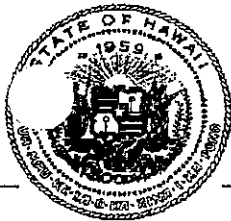
In consideration of
H.B. 808
RELATING TO THE CONVEYANCE TAX

Mister Chair and Members of the House Committee on Finance, thank you for the opportunity to provide you with comments regarding House Bill 808, relating to the Conveyance Tax.

The Hawaii Public Housing Authority (HPHA) opposes enactment of this measure, which would temporarily suspend distribution of conveyance tax revenues to the Rental Housing Trust Fund for two fiscal years. The Rental Housing Trust Fund provides "Equity Gap" low-interest loans or grants to qualified owners and developers constructing affordable housing units. Funds may be used to provide a loan or a grant for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units.

If revenues paid in to this fund were to be suspended, as proposed by this measure, the fund could experience depletion, as this tax is the primary source of funding for the Rental Housing Trust Fund. Such a result would have a deleterious impact on the already strained continuum of affordable housing available in the State of Hawaii. The State of Hawaii is already experiencing a critical need for affordable rental units, and this short-term solution to the State's financial gap could have long-term unintended consequences upon the State's lower income citizens.

The HPHA appreciates the opportunity to provide the House Committee on Finance with the agency's position regarding H.B. 808. We respectfully request the Committee to hold this measure.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR
RICHARD C. LIM
INTERIM DIRECTOR
MARY LOU KOBAYASHI
PLANNING PROGRAM ADMINISTRATOR
OFFICE OF PLANNING

OFFICE OF PLANNING

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Statement of
MARY LOU KOBAYASHI
Planning Program Administrator, Office of Planning
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE
Friday, February 25, 2011
11:00 AM
State Capitol, Conference Room 308

in consideration of
HB 808
RELATING TO THE CONVEYANCE TAX

Chair Oshiro, Vice Chair Lee, and Members of the House Committee on Finance.

The Office of Planning (OP) opposes HB 808, which would suspend the distribution of portions of the Conveyance Tax to the Land Conservation Fund (LCF) and the Rental Housing Trust Fund and reduce the portion transmitted to the Natural Area Reserve (NAR) Fund, until June 30, 2013, with those portions being credited to the General Fund. These three funds are supported by the conveyance tax and promote wildlife conservation; watershed protection; invasive species control; land acquisition for open space agriculture, recreation, and other public values; and affordable rental housing.

OP's comments are restricted to the LCF and NAR Fund portion of the bill. While OP is sensitive to the State's economic situation, we do not believe additional cuts to the State's essential land, water and invasive species programs should occur. OP is a member of the NARS Commission. These programs are supportive of and complementary to many of OP's functions.

The State of Hawaii possesses unique natural, cultural, historical, agricultural and recreational resources, many of which occur nowhere else in the world and/or that are highly vulnerable to extinction if not protected. The Natural Area Reserves System and the Legacy Land Conservation Program were created to protect and preserve these precious resources for the enjoyment of future generations and to provide base lines against changes in the environment in Hawaii.

Thank you for the opportunity to submit testimony on this measure.

NEIL ABERCROMBIE
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

HOUSE COMMITTEE ON FINANCE

February 25, 2011 at 11:00 a.m.
Room 308, State Capitol

In consideration of
H.B. 808
RELATING TO THE CONVEYANCE TAX.

The HHFDC ***strongly opposes*** H.B. 808. The portion of conveyance tax funds allocated to the Rental Housing Trust Fund (RHTF), currently 25 percent through June 30, 2012, is the RHTF's only dedicated funding source.

The RHTF is currently oversubscribed, with project commitments exceeding the available cash balance of the fund. The following RHTF information is as of **January 31, 2011**. A detailed list of projects with unit counts is attached to our testimony:

RHTF cash balance:	\$88,511,254.	
Outstanding loans:	<u>\$19,045,136</u>	
	\$69,466,118	
Loan commitments:	\$56,175,406	
Applications pending		
Board approval:	<u>\$10,171,718</u>	
	\$ 3,118,994	RHTF Available Balance

In addition to these commitments, HHFDC recently received new project applications for RHTF funds totaling an additional \$28,384,443, which are under staff review. Without continued conveyance tax revenues, the HHFDC will not be able to fund any of these new affordable rental projects.

The RHTF provides "equity gap" low-interest loans or grants to qualified owners and developers constructing affordable rental housing units. Funds may be used to provide a loan for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units. Permitted uses of the fund may include, but are not limited to: planning; design; land acquisition; costs of options; agreements of sale; downpayments; equity financing; or other housing development services or activities approved by the HHFDC. Most RHTF awards are made to projects affordable to families at or below 60 percent of the area median income. The RHTF is a popular incentive for affordable rental housing development.

Thank you for the opportunity to testify.

RENTAL HOUSING TRUST FUND (RHTF)
As of January 31, 2011

The RHTF had **loan commitments** totaling \$56,175,406.

Project Name	No. Units
Ewa Villages Ph. II	76
Hale Mohalu II	164
Ewa Villages Ph. I	64
Hale Makana O Nanakuli	48
E Komo Mai Apartments	45
FLC Mokuhaui Apartments	16
Ko'oloa'ula Ph. I	120
	533

Applications totaling \$10,171,718, from the FY10-02 funding round, are **pending Board approval**.

Project Name	No. Units
1839 Kaioo Drive	15
2023 Date Street	10
Ewa Villages Ph. II	*
Imi Ikena Apartments	28
Lokenani Hale	62
	115

*Unit count for Ewa Villages Ph. II included with Committed Projects

New Applications totaling \$28,384,443, from the FY11-01 funding round, are **pending staff review/recommendation to the Board**.

Project Name	No. Units
Kauhale Ohana	46
Ke Ola O Pokai Bay	20
Kunia Village	41
Meheula Vista I	76
Mohouli Heights Senior Ph. I	60
	243

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

WILLIAM J. AILA, JR.
INTERIM CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the House Committee on
FINANCE**

**Friday, February 25, 2011
11:00 AM
State Capitol, Conference Room 308**

**In consideration of
HOUSE BILL 808
RELATING TO THE CONVEYANCE TAX**

House Bill 808 would suspend the distribution of portions of the Conveyance Tax to the Land Conservation Fund (LCF) and the Rental Housing Trust Fund and reduce the portion transmitted to Natural Area Reserve Fund (NARF), until June 30, 2013, with those portions being credited to the General Fund. The Department of Land and Natural Resources' (Department) comments are restricted to the LCF and the NARF portion of the bill. While the Department is sensitive to the State's economic situation and as such, recognizes the need to access temporary reductions in special funds to help balance the general fund budget, the Department nonetheless has concerns that this bill is too great a reduction that would severely affect these natural resource conservation programs and would eliminate the core structure of many critical programs.

House Bill 808 would affect funding for programs supported by NARF by halving revenues. NARF supports a suite of essential conservation programs including Watershed Partnerships Program, Natural Area Reserves System management, Natural Area Partnership Program (NAPP), Youth Conservation Corps (YCC) and internship programs, personnel, central services fees, Forest Stewardship Program (FSP), Forest Reserve System watershed management, Conservation Reserve Enhancement Program (CREP), Invasive species program operations, Threatened and Endangered species management, and the Hawaii Invasive Species Council Programs.

House Bill 808 proposes a reduction in portion of the Conveyance Tax going to NARF from 20% to 10%. This would represent a projected reduction in annual revenue from \$8 million

to \$4 million dollars for Fiscal Year (FY) 2012 and FY 2013. At this reduced level of funding, the Department would be only able to support the civil service positions funded by conveyance tax revenue (42.5 Full Time Equivalent (FTE)), ~\$2,250,000), central service fees for the special fund assessment (~ \$280,000) and leave only \$1,470,000 for NAPP and FSP multi-year contracts that are already in place.

Over 160 conservation workers staff the County Invasive Species Committees, Watershed Partnership field crews, Natural Area Reserve and YCC field crews, forest reserve management support staff, and endangered species restoration field crews. Most will be laid-off unless millions of dollars in alternate funding is found. If revenues decline below projected amounts, additional civil service staff would be laid-off. The vacancies/layoffs will reduce the Departments capacity to implement these vital programs. Additionally, the Department would not be able to maintain existing long term contract agreements with private landowners under the NAPP, FSP and CREP grant programs nor support all the other environmental programs described above.

House Bill 808 would also suspend funding for the LCF. The LCF supports the Legacy Land Conservation Program (LLCP) which protects rare and unique cultural, natural, agricultural, and recreational resources from destruction by funding nonprofit, county, and state agencies for the acquisition of fee title or conservation easements, and management of these lands.

Though LCF revenues have declined significantly over the past years, the LLCP has continued to maintain basic operational capacity. Pursuant to changes made in the 2010 Regular Session, the general fund drew \$1,000,000 from the LCF in FY11, and invasive species programs are drawing \$400,000 annually from the Land Conservation Fund until 2013. Zero funding for this Program would result in the loss of 2.0 FTE civil service positions, and the shutdown or delays in administrative processing and finalization of current and prior year acquisitions; stoppage in implementation of the statewide acquisition plan; stoppage in the development of Administrative Rules and procedures for the program; loss of opportunity to partner with Federal, County, and private conservation land acquisition programs, and; the State will miss a unique opportunity during a time when property values are low to acquire & protect undeveloped lands for generations to come along with the associated economic and health benefits (e.g., cultural and natural tourism, water supply, food supply, ecosystem services).

Conversely, maintaining basic LLCP structure through a reduced amount of funding would allow continuation of the program via retention of two key civil service positions and the ability to match federal funding (~\$12M annual average in matching funds) for acquisitions, but more importantly, maintain the operational capability of an important State program that required significant resources to establish until a time when the fiscal environment in the State stabilizes. For additional information on the LLCP, please link to <http://hawaii.gov/dlnr/dofaw/llcp>

The Department realizes that difficult decisions need to be made to balance the general fund budget deficit. Passing House Bill 808 would provide support for the General Fund, but with dramatic reductions to environmental programs with both short- and long-lasting effects.

The Department strongly feels it is necessary to maintain these core natural resource stewardship programs and avoid the need to delay and then rebuild dismantled programs at significant cost in the future – a process that would take 10 years or longer. These programs protect and maintain our natural and cultural resources that support our economy, lifestyle and future we all enjoy and need.

The Department has a number of policy, legal, and technical concerns relating to House Bill 808 which if passed would cause tremendous impacts to departmental programs summarized as follows:

1. Watershed partnerships are voluntary alliances of over 65 private and public landowners working collaboratively with local, state, and federal agencies to protect forested watersheds for water recharge, conservation, and other ecosystem services. Presently they are comprised of nine watershed partnerships on six islands collectively protecting over 2 million acres and represented by the Hawaii Association of Watershed Partnerships (HAWP).

NARF support for the Watershed Partnership Grants program will be reduced from \$1.25 million in FY 2011 to \$0 in FY 2012 and FY 2013, resulting in the Department having little direct funding or technical support for watershed partnerships throughout the State. Effects would be further compounded since partnerships will then have reduced matching opportunities required to access private, federal, and county sources of funds. Watershed partnerships currently leverage close to \$5 million per year in non-state funding that is potentially threatened. Previous substantial gains in weed and ungulate control will be severely eroded resulting in a loss of investments that would take many years to recover. With minimal management capacity, there will be a loss of water recharge capacity, native species, and unique habitat, as well as increased exposure to fire and higher costs to repair sediment-impacted coral reefs resulting from higher rates of erosion. The Ko'olau Mountains watershed alone produces a sustained yield of 135 billion gallons of water per year. The University of Hawaii Economic Research Organization estimates the value of managing this are at \$14 billion. Statewide, Watershed Partnerships protect the primary recharge areas for over 3 trillion gallons annually. Approximately 40 temporary-hire support and field crew workers would be lost if alternate funding is not secured.

2. The Natural Area Reserves System (NARS) was established in 1970 to preserve in perpetuity Hawaii's most unique ecosystems and geological features. There are currently 19 reserves on five islands, encompassing more than 122,000 acres. The diverse areas found in the NARS range from marine and coastal environments to lava flows, tropical rainforests, and an alpine desert. The reserves also protect major watershed areas, which are vital sources of fresh water.

NARS management operations will be reduced from \$1.4 million in FY 2011 to \$0 in FY 2012 and FY 2013. Compounded by a FY 2010 28% reduction in the General Fund support, this would greatly reduce the Department's ability to preserve the most unique and intact natural resources on state lands. With the loss of 32 temporary-hire support and field crew workers and operating capital, there would be severely reduced ability to maintain existing infrastructure such as fences, trails and roads, and accompanying losses in the effort to control ungulates, rodents, and noxious and dangerous invasive weeds. Unless alternate

funding is secured, the NARS would not have sufficient resources to maintain efforts to: plant rare native species, do environmental outreach, conduct biological/archeological surveys, or accomplish management priorities actions at areas such as Mauna Kea, Kaena Point and Ahihi Kinau NAR.

3. The Natural Area Partnership Program (NAPP) was established by the Legislature in 1991 to provide state funds on a two-for-one basis with private funds for the management of private lands that are dedicated to conservation. With over 30,000 acres enrolled, this innovative program complements the protection efforts on state lands - a partnership essential for the success of conservation in Hawaii.

The NARF funds existing fixed NAPP multi-year contracts. With these funds NAPP partners have supported Invasive Species Councils and Watershed Partnerships with personnel, funding, equipment and facilities for many years. Under House 808 existing long-term NAPP agreements and contracts may be honored however, partners would be asked to voluntarily delay implementation of the program and voluntarily amend multi-year contracts. The purpose which the landowner gave the conservation easements in perpetuity may not be realized and the easement grantee may be subject to legal action for enforcement of the easement.

4. The Hawaii Youth Conservation Corps (YCC) is a hands-on year round intern learning experience aimed at educating Hawaii's youth on the many conservation issues that threaten Hawaii's unique environment. Partnering with Kupu and Americorps, students are mentored by and work alongside some of DLNR's premiere conservation leaders. Twenty five local youth are presently participating in the 2011 DOFAW internship program.

With this Program receiving \$0 from NARF and no alternate funding secured, the State would default on an Americorps grant agreement and lose federal funding of \$720,000 per year. The program, which needs \$240,000 to meet the federal match requirements, would lose the 25 existing Americorp intern positions.

5. The Forest Stewardship Program (FSP) provides technical and financial assistance to owners of non-industrial private forest land that are interested in conservation, restoration, and/or timber production. These services exist as fixed multi-year contracts to private landowners. Under House Bill 808, existing long-term Forest Stewardship agreements and contracts may not be honored but funding would not be maintained at existing contract levels. Landowners would be asked to voluntarily delay participation and amend multi-year contracts. State defaulting on the contracts would jeopardize the existing conservation investment.

6. The Forestry Program manages 52 forest reserves comprising more than 640,000 acres, or 16% of Hawaii's land area. The program also provides financial incentives to agricultural landowners to convert fallow or open land to trees, shrubs, and forest habitat, conducts control and monitoring efforts in each county for existing and incipient invasive species, and supports threatened and endangered species management.

Funding for this Program will be reduced to \$0, resulting in the Department having little

direct funding to invest in managing public forest reserves, or provide private landowner assistance which includes many of our most valuable watersheds. Zero funding would result in loss operating capital, resulting in a severely reduced ability to maintain existing forest reserve infrastructure such as fences, trails and roads, and accompanying losses in the effort to control ungulates, cattle, and noxious and dangerous invasive weeds in forest reserves and watersheds and protect and restore endangered and threatened species.

7. The Conservation Reserve Enhancement Program (CREP) is a federal-state natural resources conservation program that addresses state and nationally significant agricultural related environmental concerns. Through CREP, program participants receive financial incentives from United States Department of Agriculture and the State to voluntarily enroll in the CREP in contracts of 15 years. Participants remove cropland and marginal pastureland from agricultural production and convert the land to native grasses, trees and other vegetation.

Under House Bill 808, funding for this program will be reduced to \$0, and the long-term funding agreement with USDA valued at up to \$42 million in federal funds for conservation projects on agricultural lands would be jeopardized and a lost opportunity to provide landowner assistance relating to riparian area conservation, reforestation and sedimentation. Normally, this program allows participants to obtain 9:1 funding match ratios from the Federal Government.

8. The Invasive Species Council Programs (ISCs) are statewide and island-based partnerships of government agencies, non-government organizations, and private businesses working to protect each island from the most threatening invasive pests. The Hawaii ISC (HISC) is the statewide Department lead coordinating council that provides direction, coordination and funding for many of the statewide invasive species programs of prevention, control and eradication, research and technology, and public outreach. NARF also funds the county-based ISCs that provide rapid response and control work on new invasive pests that have the potential to severely impact our economy, ecosystem, watersheds, human health, and quality of life. A driving objective of the HISC and ISCs is to control the most threatening pests while populations are still relatively small and it is economically feasible to control or eliminate them.

Funding for this program will be reduced to \$0, resulting in the complete loss of funding for the HISC support staff and programs and cease a large portion of the invasive species control efforts statewide. Zero funding would result in loss of 26 temporary-hire support and field crew workers and operating funds unless alternate sources of funding are secured. This would result in a severely reduced ability to respond to existing noxious and dangerous invasive weeds and prevent further introductions.

9. The Plant Extinction Prevention program works to prevent the extinction of rare native plants with less than 50 plants remaining in the wild. This is done by numerous restoration methods including monitoring, surveying, and propagation of rare plants; out-planting; removal of invasive species; and fencing of protected areas.

Funding for this program will be reduced to \$0, resulting in the loss of 6 temporary-hire field

crew workers. Many programs relating to surveying and monitoring threatened and endangered species, plant collection and propagation efforts, and field management of threatened and endangered plant and wildlife species will be discontinued or dramatically reduced. Loss of Federal funding for both personnel and field operations will be imminent.

10. Legal Concerns - The Department will be greatly constrained in accomplishing its constitutional, statutory, and court ordered mandates to protect Hawaii unique natural resources and ecosystem services. The Department will potentially not be able to fulfill contract obligations under existing long term contracts under the Natural Area Partnership Program and Forest Stewardship Program with potential loss of public benefits provided under those agreements, or be able to carryout long-term funding agreement with USDA for the Conservation Reserve Enhancement Program.

11. Technical Concerns - The Department will be greatly constrained in accomplishing its public safety mandates to monitor and manage the approximate 1,000,000 acres of lands in NARS, forest reserves, plant and wildlife sanctuaries and to maintain basic operations and service to the public at branch offices without these operational funds.

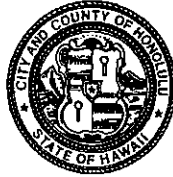
12. Other Concerns/Comments/Considerations - The Department will lose skilled highly trained staff, which will take years to replace once the economy recovers. Some threatened and endangered species will most likely go extinct due to lack of management and preservation efforts. Once gone, they are gone forever. Without ongoing management, recent gains in invasive species control and eradication will be reversed, and new invasive species will potentially become established.

Federally funded projects that are now dependent on Conveyance Tax revenue to provide the state match will have to be halted with a loss of the accompanying federal funds. Defaulting on federal grant agreements will jeopardize the Department's credibility and ability to secure federal funding in the future.

DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE: 768-7762 • FAX: 768-7792

PETER B. CARLISLE
MAYOR



SAMUEL E. H. MOKU
DIRECTOR

BRIDGET HOLTHUS
DEPUTY DIRECTOR

Testimony of the Department of Community Services

MEASURE:

H.B. NO. 808, RELATING TO THE CONVEYANCE TAX.

COMMITTEE(S):

HOUSE COMMITTEE ON FINANCE

HEARING DATE: Friday, February 25, 2011

TIME: 11:00 a.m.

LOCATION: State Capitol, Room 308

COMMITTEE REQUESTS 2 COPIES

TESTIFIER(S):

Samuel E.H. Moku, Director

(Written testimony only. For more information, please call

Keith Ishida, Community Based Development Division, at 768-7750.)

Chair Oshiro and Members of the Committee:

The Department of Community Services strongly opposes House Bill 808.

This bill, among other items, suspends the distribution of a portion of the conveyance tax to the Rental Housing Trust Fund (RHTF) until after June 30, 2013, stating that the RHTF has a balance that is sufficient for its purposes.

It is fiscally prudent to continue to distribute a portion of the conveyance tax to the RHTF, which is a principle source of financing for affordable rental projects in Hawaii, and is typically highly leveraged with other funding sources. The RHTF, which is funded solely through the conveyance tax, is often a critical component of financing that is needed by developers of affordable housing in order to have a financially feasible project. Without the development of such projects, many senior citizens and families would be forced to double-up with relatives. The worst case scenario would be homelessness, which places a tremendous financial strain on the public support system.

Although temporarily suspending the funding of the RHTF may save the State money in the short-run, the long term consequences would be a greater cost burden to the State, and an affordable housing crisis that is worse than the present situation. Instead, the State should look at incentives and alternative financing tools to stimulate the development of affordable housing which, in turn, will provide urgently needed jobs for the construction industry.

We further note that affordable rental housing projects in Honolulu have consistently relied on RHTF assistance to provide equity gap financing.

We respectfully ask that this bill be held.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Suspend disposition

BILL NUMBER: HB 808

INTRODUCED BY: Say

BRIEF SUMMARY: Amends HRS section 247-7 to temporarily suspend, between July 1, 2011 and June 30, 2013, the earmarking of: (1) 10% of conveyance tax revenues into the land conservation fund; and (2) 30% of conveyance tax revenues into the rental housing trust fund. Reduces the earmarking of conveyance tax revenues to the natural area reserve fund from 20% to 10% from July 1, 2011 to June 30, 2013.

EFFECTIVE DATE: June 30, 2011

STAFF COMMENTS: The proposed measure suspends or reduces the earmarking of conveyance tax revenues to the land conservation fund, the rental housing trust fund, and the natural area reserve fund. As a result of this suspension or reduction in earmarking, additional funds will be deposited into the general fund to address the state's budgetary shortfall.

This measure underscores the pitfalls of the earmarking of revenues. Revenues are automatically diverted and squirreled away without any legislative intervention. What should have been revenues of the general fund were redirected to fund programs that the legislature deemed "worthy." Earmarking also reduces flexibility in the use of available revenues which, no doubt, contributed to the current financial quagmire that is challenging state officials.

Rather than temporarily suspending or reducing the earmarking of conveyance tax revenues, all earmarking should be terminated - including the amount earmarked for the natural area reserve fund - and any program deemed "worthy" should be funded out of general fund appropriations thereby ensuring that there will be sufficient revenues to achieve the goals of that program along with legislative oversight and accountability. By terminating the earmarking of various revenue resources, all the money will flow back to the general fund and then lawmakers can decide which programs or services are of highest priority and appropriate sufficient funds and then hold the managers or providers of these services or programs accountable as to the quality of the various public programs. With earmarking, there is no oversight and there is no accountability as the designated program/manager just sit there as the money automatically flows to them regardless of whether or not that revenue stream is sufficient to fund the needs of the program.

Digested 2/24/11



Hawaii
Habitat
for Humanity®
Association

*Building
houses,
building
hope*

**HB 808 Relating to the Conveyance Tax
Testimony in Opposition**

Committee on Finance
Friday, February 25, 2011 11 a.m.
Conference Room 308
Hawaii State Capitol

Hawaii Habitat for Humanity strongly opposes this measure which would temporarily suspend distribution of conveyance taxes into the Rental Housing Trust Fund. Housing development is a multi-year process which depends upon an ongoing pipeline of funding. Disruption of that funding sends the message that funding may not be available in the future and provides a strong disincentive to developers who would otherwise look to its use. This is particularly important when the housing is for people with very low, low and moderate incomes.

There is an extreme shortage of truly affordable housing in Hawaii, which has been greatly exacerbated by the effects of the Great Recession. More people than ever are losing their homes and those who have lost their jobs are increasingly vulnerable to homelessness. Families and individuals are living in cars and tents as they have been bumped out of whatever housing they had by those who are newly poor.

An affordable place to live is the essence of an effective safety net. We must make affordable housing a priority as we look to support people through this crisis and to make Hawaii a better home to its people in the future.

Kathleen Hasegawa
Executive Director

1427 Dillingham Blvd., Suite 201
Honolulu, HI 96825
(808) 847-7676



As a member of the Kauai Watershed Alliance (KWA) we oppose HB 808, relating to the Conveyance Tax.

The KWA believes that we can no longer abuse or ignore our natural resources with which the Hawaiian Islands have been so generously blessed. The KWA is doing something about it. By the end of this fiscal year, the KWA will have fenced and used natural barriers to exclude feral pigs from approximately 6,000 acres of diverse native forest and intact watershed; the KWA is engaged in removing remaining pigs and goats from this area, has treated approximately 15 -20 thousand acres of invasive species - Australian Tree Fern, Kahili Ginger and Strawberry Guava, and has mapped about 60,000 acres using a newly developed and economical resource mapping system to locate invasive weeds and monitor treatment results. The DLNR's Natural Area Reserve (NAR) Fund has been a solid and well fitted source of funding for these conservation projects over the years. Our projects also create jobs and secure jobs, as these monies are spent in our local communities.

Our water is our wealth, no one will argue that. Water from our productive native watersheds when combined with our arable lands provides us all with a sound base for a sustainable future for ourselves and our heirs in an unsettled world. We must continue to maintain our intact native ecosystems and watersheds; they cannot be fixed or restored. Please support us and even more so, support these critical natural resources.

Under HRS 247-7, a portion of the annual conveyance tax revenue has been appropriately used for forested watershed conservation and invasive species control via the Natural Area Reserve Fund. We believe these funds must continue to be allocated to support the conservation of our most priceless resources.

Feral ungulates and invasive weeds are most serious threats to our bio-diversity and our water resources. Funding projects to control these threats is all of our responsibility. We are working on accomplishing ours, please continue your support, do not reduce the NAR Fund and please do not pass HB 808, relating to the Conveyance Tax.

Thank you.

Sincerely yours,

Arryl Kaneshiro
Grove Farm Company, Incorporated

3-1850 Kauniualii Highway Lihue, HI 96766-8609

☎ 808.245.3678 ☎ 808.246.9470

www.grovesfarm.com



PARTNERS IN CARE
Oahu's Coalition of Homeless Providers

<http://www.partnersincarehawaii.org/>

TESTIMONY IN OPPOSITION TO HB 808: RELATING TO THE CONVEYANCE TAX

TO: Representative Marcus Oshiro, Chair, Representative Marilyn Lee, Vice Chair, and Members, Committee on Finance

FROM: Max Gray, Chair, Partners In Care Advocacy Committee

Hearing: Friday, 2/25/11, 11:00 am, Room 308

Chair Oshiro, Vice Chair Lee and Committee Members,

Thank you for the opportunity to testify on HB 808 which temporarily suspends the distribution of a portion of the conveyance tax to the land conservation fund and rental housing trust fund. Partners In Care strongly opposes this bill.

This bill would suspend allocations from the conveyance tax to the Rental Housing Trust Fund (RHTF) for 2 years (FY 12 and FY 13). The conveyance tax is the primary source of funding for the Trust Fund. Loss of these funds would severely impact the ability of the State to produce any new affordable rental housing. This would have a disastrous effect just as the Governor is focusing on ways to reduce homelessness as well as provide housing to Hawaii's working families and elders.

The RHTF has a proven track record of utilizing all its funding to produce housing. Since its inception, **4,094 affordable housing units** have been created. Most importantly, the RHTF is critical to leverage federal funds to make affordable housing projects pencil out. In the current economic crisis, affordable rentals are in even greater demand as workers lose jobs, have hours reduced, or face foreclosures.

Partners In Care, as a consortium of service providers from across O'ahu, advocates on behalf of a diverse population of homeless men, woman and children. Our clients' success relies on their ability to locate affordable rental housing. If the legislature is serious about addressing the problem of homelessness, it must not slash funding to the Rental Housing Trust Fund. Partners In Care urges the Legislature not to pass this bill.

Thank you for your time and your support.



PROTECTING
NATIVE HAWAIIAN
CUSTOMARY &
TRADITIONAL RIGHTS
AND OUR FRAGILE
ENVIRONMENT

Office
1149 Bethel Street, Ste. 415
Honolulu, HI 96813

Mailing Address
P.O. Box 37368
Honolulu, HI 96837

toll-free phone/fax
877.585.2432

www.KAHEA.org
kahea-alliance@hawaii.rr.com

KAHEA: the Hawaiian-Environmental Alliance is a non-profit 501(c)3 working to protect the unique natural and cultural resources of the Hawaiian islands. KAHEA translates to english as "the call."

February 24, 2011

Aloha Members of House Finance Committee,

Mahalo for this opportunity to submit testimony. We strongly oppose HB808, Relating to the Conveyance Tax.

KAHEA: The Hawaiian-Environmental Alliance is a thousands-strong alliance of cultural practitioners, environmental advocates, teachers, scientists, resource experts, community leaders, clergy, union members, doctors, health professionals, social workers, students, and concerned individuals working to promote environmental health and cultural rights throughout Hawai'i nei.

In collaboration with a broad coalition comprised of low-income housing advocates, social service organizations, churches, environmentalists and Native Hawaiian practitioners, KAHEA worked to pass the Legacy Lands Act in 2005. Hundreds of Hawai'i citizens fought over several years to increase the conveyance tax to support these worthy public programs

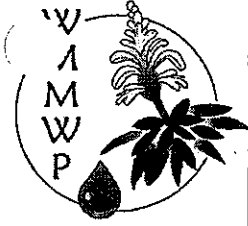
We continue to support the Natural Area Reserve Fund, Land Conservation Fund, and Rental Housing Trust Fund and oppose funding cuts and raids which compromise the intent with which these monies were committed, and the local communities they are intended to serve..

Further, these monies leverage millions of dollars from the private sector and the U.S. Federal government, which are then invested in communities around Hawai'i. Cutting these funds is not simply not a sensible action towards balancing the Hawai'i state budget.

Mahalo pumehana,

Miwa Tamanaha
Executive Director

Marti Townsend, Esq.
Program Director



West Maui Mountains Watershed Partnership

February 24, 2011

RE: Strong Opposition to HB 808 : Relating to the Natural Area Reserve Fund

Aloha Legislators,

West Maui Mountains
Watershed Partnership
P.O. Box 13240
Lahaina, Hawai'i
96761
Phone (808) 661-6600
Fax: (808) 661-6604

Watershed Partners

County of Maui

Dept. of Land &
Natural Resources

Ka'anapali Land
Company, LLC

Kahoma Land, LLC

Kamehameha Schools

Makila Land Co., LLC

Maui County
Department of Water
Supply

Maui Land &
Pineapple
Company Inc

Wailuku Water Co.
LLC

The Nature
Conservancy

The West Maui Mountains Watershed Partnership strongly opposes HB808. Even without the proposed cuts the current lack of productivity in the conveyance tax will reduce allocations to the Natural Area Reserve Fund by roughly 60%! Prudent decisions will have to be made to safeguard our economy, as well as, our forest resources and watersheds.

The proposed bill will cut highly trained resource management jobs, force the degradation of State Natural Area Reserves and State and private forest reserves, and cause the rebound of once controlled invasive species populations. **Any cuts in funding will result in the loss of millions of dollars** of critical matching funds from federal, county, or private grant sources and these funds will no longer stimulate local economies. Programs protecting our water and biological resources by fencing, fire suppression, weed and feral ungulate control, rare species protection, and outreach and education have already been drastically reduced and cannot withstand further cuts.

For The West Maui Watershed this will have HUGE Ramifications!!!

- **Natural Area Partnership Programs:** Two programs including Pu'u Kukui Watershed (ML&P lands) and Kapunakea (TNC/Ka'anapali Land Management Corp lands) is reliant on a 2:1 match from the NARF; 3 positions could be lost. 9,600 acres subject to degradation.
- **State Natural Area Reserves:** The West Maui system includes the Honokowai, Kahakuloa, Lihau and Panaewa sections; 6,995 acres subject to degradation.
- **Youth Conservation Corps:** 2 positions and future trained stewardship professionals at stake; 3,400 service hours subject to loss.
- **Maui Invasive Species Committee:** Invasive Pampas Grass programs will be cut back; loose positions and risk spread beyond control.
- **Watershed Partnerships Grant Program:** 12, 286 acres protected behind fences would be subject to degradation. 1.5 positions could be lost.
- **Overall:** 17. 5 miles of protection fencing subject to disrepair, 21,000 acres out of watershed could sharply degrade, 171 rare and endangered species at risk, billions of gallons of water and nearly 80% of DWS water supply at risk!

I am grateful for your ongoing support and consideration of this matter. Please help to maintain the quality of forests and the sustainability of our water resources. HB808 will further cripple the stewardship of the resource which makes Hawaii a world class destination and provides the lifeblood of our economy.

Mahalo nui loa,

Christopher N. Brosius
Watershed Coordinator

Castle & Cooke
Hawai'i

101 Kakaia Avenue
Mililani, Hawai'i 96789-3997
P.O. Box 898900
Mililani, Hawai'i 96789-8900
Oahu: (808) 548-4311 • Fax (808) 548-2980
Lana'i: (808) 565-3001 • Fax (808) 565-3312

Harry A. Saunders
President

Fax Submittal: 586-6001

Email Submittal: <http://www.capitol.hawaii.gov/emailtestimony>

Testimony by Harry Saunders
President, Castle & Cooke Hawai'i
February 24, 2011

Before the House FINANCE COMMITTEE

February 25, 2011
11:00 a.m.
Room 308

In Opposition to HB 808
RELATING TO THE CONVEYANCE TAX

Chair Oshiro, Vice Chair Lee and Members of the House Finance Committee.

We oppose HB 808 as it proposes to temporarily suspend the distribution of a portion of the conveyance tax to the rental housing trust fund.

We understand the difficult choices that must be made to balance the state budget. However, curtailing programs that help produce new rental housing stock will be counterproductive in addressing the overall shortage of housing inventory in the State and in stimulating the economy by job creation and tax generation from new construction. A wide range of new housing stock is needed to provide housing opportunities to a wide spectrum of needs and incomes. Affordable Rental units are an important segment of the housing market that is needed for Hawai'i workforce and income restricted families. And new construction will help get building trades back to work.

We respectfully request your consideration in deferring HB 808.

Mahalo for your consideration of our testimony. If you have questions, please feel free to contact us:

Harry Saunders, President
Castle & Cooke Hawai'i
aktsukamoto@castlecooke.com
548-4884

Bruce Barrett, Executive Vice President
Castle & Cooke Hawai'i
barrett@castlecooke.com
548-3746

Richard Mirikitani, Senior Vice President and Counsel
Castle & Cooke Hawai'i
rmirikitani@castlecooke.com
548-4890



Maui Land & Pineapple Company, Inc.

February 24, 2011

The Honorable Marcus Oshiro
The Honorable Marilyn Lee
House of Representatives
Committee on Finance

Dear Chair Oshiro and Vice Chair Lee:

Re: Opposition to HB808 – Relating to the Conveyance Tax

Maui Land & Pineapple Company, Inc. (ML&P) opposes HB808, which would reduce the percentage of conveyance tax distributed to the Natural Area Reserve Fund.

Currently, Pu'u Kukui Watershed Preserve receives funding through our Natural Area Partnership Program (NAPP) contract with the State of Hawaii, which provides a 2:1 match for the PKW Preserve budget. Reducing the Natural Area Reserve Fund would cut essential funding, resulting in a devastating effect if not cessation of our conservation program. The Pu'u Kukui Watershed Preserve is Hawaii's largest private preserve, encompassing over 8,500 acres in West Maui. This preserve is critical to native habitats, endangered plant and animal communities. The island of Maui is dependent on this resource for its drinking and irrigation water supply. ML&P cannot manage this significant resource for the public benefit without the support of government funding.

ML&P was instrumental in supporting the increase in the Conveyance Tax approximately five years ago with the knowledge that these funds would go toward the Natural Area Reserve Fund. We are concerned that funds from this tax would be reallocated to uses other than its original intent.

We understand the challenges the State is facing. Through our current NAPP contract (FY2006-2011), we already have undergone significant budget cuts from State funding, resulting in loss of personnel and reduced management capabilities. Further reduction in the Natural Area Reserve Fund would jeopardize critical conservation work statewide and have potentially irreversible impacts on our watersheds.

ML&P respectfully requests that HB 808 be held in Committee.

Sincerely,

Ryan Churchill
President & COO



HB 808
RELATING TO THE CONVEYANCE TAX
House Committee on Finance

February 25, 2011

11:00 a.m.

Room 308

The Office of Hawaiian Affairs (OHA) **OPPOSES** HB808, which temporarily suspends the distribution of a portion of the conveyance tax to the Legacy Land Conservation Fund (LLCF), the Rental Housing Trust Fund (RHTF) and reduces the distribution to the Natural Area Reserve fund (NARF).

OHA understands the need for austere and cost cutting measures in these times. However, cutting proactive programs that counteract the deleterious environmental effects of trans-generational overconsumption would only increase the burden on future generations.

The NARS (19 reserves on five islands, 109,000 acres) is an irreplaceable legacy for the people of Hawai'i. It is a reminder of our past and serves as a touchstone for a sustainable future. The NARS program is committed to protect and manage these areas so that future generations can enjoy, study, and experience the natural heritage which belongs only to our state.

Through widespread community and legislative support the LLCF and RHTF (in existence since 2005) were created to assist government agencies and non-profits in leveraging funds to purchase important lands at prices that seem insurmountable and increase the availability of affordable housing for our native and island population. The funds enable ho'olaulima through public and private partnerships in unprecedented ways and leverage state resources to accomplish goals that could ordinarily not be done by government alone.

As land values decrease we should seize the opportunity to obtain public goods for present and future generations at a discount. OHA has first hand knowledge of the collaboration and resource pooling it takes to surmount seemingly unreachable land acquisition goals. For example, in 2006, OHA acquired almost 26,000 acres at Wao Kele o Puna. OHA leveraged \$300,000 with \$3.35 million in federal funds. As island people with limited resources, we have long understood the need to work together and pool our resources in hard times.

Therefore, OHA urges the committee to HOLD HB 808. Mahalo for the opportunity to testify on this important measure.



HALEAKALA RANCH
• EST. MAUI 1888 •

Testimony of Haleakala Ranch Company
Opposing H.B. 808 Relating to the Conveyance Tax
House Committee on Finance
Friday, February 25, 2011

Haleakala Ranch Company opposes H.B. 808

The protection of watersheds in Hawai'i is critical to the management of an extraordinarily valuable asset of the State. The functions of a healthy watershed are manifold, touching every aspect of our economy and culture. The threats to the unique ecosystems of Hawai'i have been articulated for many years as our understanding these fragile networks and their relative importance to us has grown. The implementation of the Natural Area Reserve Fund and the Land Conservation Fund is a demonstration of our collective understanding of the compelling need to provide consistent funding for the active management of these very important areas. On the basis of these funding mechanisms, long-term management projects have been implemented to reverse the degradation of crucial watersheds. The proposed legislation will cripple important and established programs that are essential to maintaining critical assets of the State.

Haleakala Ranch Company has a long-standing commitment to the stewardship of natural areas and recognizes the importance of a continued funding stream for management programs that provide sustainable and long-term benefits to our community.

Sincerely,

J. Scott Meidell

Vice President & General Manager



February 23, 2011

Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
Members of the House Committee on Finance
State Capitol, Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

Subject: HB 808; Hearing February 25, 2011 at 11:00 A.M.; Testimony in Opposition

Dear Chair Oshiro, Vice Chair Lee and Members of the House Committee on Finance:

EAH Housing strongly opposes HB 808 along with any other initiative that would have a negative impact on the continued funding of the Rental Housing Trust Fund (RHTF).

EAH Housing is a non-profit public benefit corporation dedicated to developing, managing, promoting and preserving affordable rental housing. EAH in its 42 year history has never sold a property, and is dedicated to permanently affordable and high quality housing.

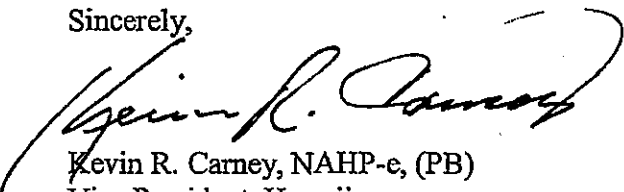
We depend on the RHTF for gap financing in the development of new affordable rental projects and the acquisition and rehabilitation of existing affordable rental projects. Planning for new development projects in particular takes years of work. We must know well in advance that there is funding available to make the project viable. Any reduction in the continuous funding of the RHTF will have a huge negative impact on the production and preservation of affordable rental housing.

In 2006 the State Legislature declared that we had an affordable housing crisis because demand for housing exceeded the number of units available. Nothing has changed in the last 5 years. Demand continues to exceed the number of units available. This is evidenced by the long waiting lists at existing affordable rental housing properties.

Affordable housing creates jobs. New construction of affordable rental housing and the preservation and rehabilitation of existing affordable rental housing means badly needed jobs for our construction industry as well as jobs for the continued operation of these projects.

We should be thinking of ways to hasten the development of affordable rental housing; of ways to reduce construction costs and we should be creating incentives to developers. HB 808 will do exactly the opposite in eliminating, albeit temporarily, a critical financing tool. Please do not take any action that could jeopardize the RHTF. In fact, we would strongly encourage you to increase the funding of the RHTF. Thank you for this opportunity to submit our opinion.

Sincerely,


Kevin R. Carney, NAHP-e, (PB)
Vice President, Hawaii



CATHOLIC CHARITIES HAWAII

TESTIMONY IN OPPOSITION TO HB 808: RELATING TO THE CONVEYANCE TAX

TO: Representative Marcus R. Oshiro, Chair; Representative Marilyn B Lee, Vice Chair, and Members, Committee on Finance

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii

Hearing: Friday, 2/25/11; 11:00 a.m.; CR 308

Chair Oshiro, Vice Chair Lee, and Members of the House Committee on Finance:

Thank you for the opportunity to testify on HB 808. I am Betty Lou Larson, Legislative Liaison for housing and homelessness issues at Catholic Charities Hawaii. Catholic Charities Hawaii strongly opposes this bill.

This bill would suspend allocations from the conveyance tax to the Rental Housing Trust Fund (RHTF) for 2 years (FY 12 and FY 13). The conveyance tax is the primary source of funding for the Trust Fund. Loss of these funds would severely impact the ability of the State to produce any new affordable rental housing. This would have a disastrous effect just as the Governor is focusing on ways to reduce homelessness as well as provide housing to Hawaii's working families and elders.

The RHTF has a proven track record of utilizing all its funding to produce housing. Since its inception, **4,094 affordable housing units** have been created. Most importantly, the RHTF is critical to leverage federal funds to make affordable housing projects pencil out. In the current economic crisis, affordable rentals are even more in demand to address the additional needs as workers lose jobs, have hours reduced, or face foreclosures. The production of affordable units cannot fill the demand. Now is a challenge but also an opportunity to build housing when costs are lower and economic stimulus is desperately needed. Housing production will help Hawaii's economy.

Catholic Charities Hawaii gets hundreds of calls each month requesting information or help with housing. Families are facing loss of jobs and don't know where to turn. Neighborhoods are being flooded with more homeless persons. Churches and food banks are running out of resources for food. With the downturn in the economy, there is a need to put resources into the basics of life: shelter is the most basic necessity for the citizens of our state. On the other hand, our environment is also what makes Hawaii a special place. The conveyance tax funds leverage many more millions of dollars of private and federal funding to ensure Hawaii remains a special place.

We urge you to oppose this bill and to support these critical needs important to so many of our state's residents.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822

Phone (808)373-0356 -- bettylou.larson@catholiccharitieshawaii.org

• www.CatholicCharitiesHawaii.org





February 23, 2011

The Honorable Marcus Oshiro, Chair
 And the Members of the House Committee on Finance
 Hawai'i State Capitol
 415 South Beretania Street; Room 308
 Honolulu, Hawai'i 96813

Dear Chair Oshiro and Committee Members:

Subject: House Bill 808
Relating to the Conveyance Tax

The Mutual Housing Association of Hawai'i, Inc. ("Mutual Housing") strongly opposes the provisions in House Bill 808 which would temporarily suspend distribution of a portion of the conveyance tax revenues to the Rental Housing Trust Fund ("RHTF") for two fiscal years. Funding from the State's conveyance tax is the primary source for the RHTF and the proposed bill would effectively shut down this important affordable housing program.

As Hawai'i continues to struggle with its affordable housing crisis, we have seen our number of homeless growing, while even working families find it necessary to double-up with family or friends. New rental housing production has not kept pace with the loss over the years of affordable housing units through demolition, speculation, and conversion to for-sale units.

As an owner and developer of affordable rental housing, we can attest to the critical need for a permanent and dedicated source of funding to build new rental housing. The flexible funding provided by the RHTF allows developers to leverage other funding programs such as low-income housing tax credits, tax-exempt bonds and conventional bank loans to make affordable projects financially feasible. House Bill 808 would decimate the RHTF and effectively choke off future rental housing development in Hawaii for several years.

We are about to start construction of a 120-unit affordable project in Kapolei targeting families earning less than 60% of median incomes. This project would not be possible without funding from the RHTF.

It will take years to develop the projects to meet all of the need in the state. The Rental Housing Trust Fund is a critical tool in helping organizations like Mutual Housing address our affordable rental shortage. Thank you for the opportunity to provide this testimony.

Sincerely,

David M. Nakamura
 Executive Director

CENTRAL OFFICE

Pioneer Plaza
 900 Fort Street Mall, Suite 1690
 Honolulu, Hawai'i 96813

Tel: (808) 550-0804
 Fax: (808) 550-0607
 E-mail: mhah@mutual-housing.org

PROPERTIES

Lihue Court Townhomes
 Kekaulike Courtyards
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The logo for Stanford Carr Development, LLC, featuring the letters "SCD" in a bold, sans-serif font inside a dark, stylized square.

STANFORD CARR DEVELOPMENT, LLC

February 24, 2011

House Committee on Finance
State Capitol, Hearing Conference Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

RE: Testimony Opposing HB808: Relating To The Conveyance Tax.
Hearing date Friday, February 25, 2011 at 11:00 a.m.
via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/>

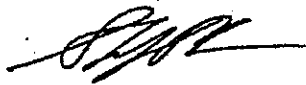
Dear Honorable Chair Representative Marcus R. Oshiro:

We are writing in **OPPOSITION** to HB808 which temporarily suspends the transfer of HRS Section 247 Conveyance Tax to the Rental Housing Trust Fund (established in HRS Section 201H-202). The Rental Housing Trust Fund is an important and integral funding source to the development of affordable housing. The funds are generally used with the Low Income Housing Tax Credit program for the new construction or preservation of affordable housing throughout the state. During this challenging economic climate, construction of these projects is important to the local economy by providing valuable construction jobs, preserving the allocation of Conveyance Tax transfers to the Rental Housing Trust Fund is important.

We have enclosed an excerpt from the Building Industry Association of Hawaii's *The Local Impact of Home Building in Honolulu County, Hawaii* (prepared in conjunction with the National Association of Home Builders). It quantifies the financial and jobs impact that construction projects have on the local economy, a copy of the full report is available upon request.

Thank you for considering our testimony. Please feel free to contact Jesse Wu (808-547-2274) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Stanford S. Carr".

Stanford S. Carr, President

A handwritten signature in black ink, appearing to read "Jesse Wu".

Jesse Wu, Vice President | Special Projects

BIA-Hawaii: INSIGHTS INTO OAHU HOME BUILDING

Friday, December 10, 2010 (10:30am-12Noon)

Dole Cannery Ballrooms, 650 Iwilei Road #125, Honolulu, HI

Special presentation featuring National Economist Elliot Eisenberg, Ph.D. (Senior Economist, National Association of Home Builders, Washington DC).



The Local Impact of Home Building in Honolulu County, Hawaii

Income, Jobs, and Taxes Generated

Detailed Tables on Multifamily Construction

Impact of Building 146 Multifamily Units in Honolulu County, Hawaii

Summary

Total One-Year Impact: Sum of Phase I and Phase II:

Local Income	Local Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$52,500,400	\$16,024,900	\$36,474,900	\$3,182,100	724

Phase I: Direct and Indirect Impact of Construction Activity:

Local Income	Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$36,106,300	\$10,398,500	\$25,707,500	\$2,125,400	485

Phase II: Induced (Ripple) Effect of Spending the Income and Taxes from Phase I:

Local Income	Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$16,394,100	\$5,626,400	\$10,767,400	\$1,056,700	239

Phase III: Ongoing, Annual Effect that Occurs When New Homes are Occupied:

Local Income	Local Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$6,029,200	\$1,840,300	\$4,189,000	\$776,500	94

¹ The term local taxes is used as a shorthand for local government revenue from all sources: taxes, fees, fines, revenue from government-owned enterprises, etc.

Impact of Building 146 Multifamily Units in Honolulu County, Hawaii
Phase I—Direct and Indirect Impact of Construction Activity
A. Local Income and Jobs by Industry

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$24,397,400	\$6,292,600	\$18,104,800	\$54,000	334
Manufacturing	\$3,600	\$200	\$3,400	\$56,000	0
Transportation	\$53,600	\$7,200	\$46,400	\$47,000	1
Communications	\$367,700	\$112,300	\$255,400	\$82,000	3
Utilities	\$116,000	\$44,900	\$71,000	\$93,000	1
Wholesale and Retail Trade	\$3,581,000	\$655,600	\$2,925,300	\$40,000	73
Finance and Insurance	\$814,400	\$66,700	\$747,700	\$91,000	8
Real Estate	\$2,053,200	\$1,807,500	\$245,700	\$57,000	4
Personal & Repair Services	\$250,100	\$94,400	\$155,700	\$36,000	4
Services to Dwellings / Buildings	\$146,800	\$29,200	\$117,600	\$36,000	3
Business & Professional Services	\$3,474,200	\$1,037,400	\$2,436,700	\$63,000	38
Eating and Drinking Places	\$119,900	\$16,100	\$103,800	\$22,000	5
Automobile Repair & Service	\$118,200	\$36,700	\$81,500	\$36,000	2
Entertainment Services	\$20,700	\$4,200	\$16,400	\$49,000	0
Health, Educ. & Social Services	\$4,600	\$1,200	\$3,400	\$42,000	0
Local Government	\$52,800	\$0	\$52,800	\$59,000	1
Other	\$532,100	\$192,300	\$339,900	\$49,000	7
Total	\$36,106,300	\$10,398,500	\$25,707,500	\$53,000	485

B. Local Government General Revenue by Type

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$90,000	Residential Permit / Impact Fees	\$1,437,700
Residential Property Taxes	\$0	Utilities & Other Govt. Enterprises	\$335,400
General Sales Taxes	\$124,900	Hospital Charges	\$0
Specific Excise Taxes	\$30,000	Transportation Charges	\$3,000
Income Taxes	\$0	Education Charges	\$0
License Taxes	\$70,600	Other Fees and Charges	\$33,900
Other Taxes	\$0	TOTAL FEES & CHARGES	\$1,809,900
TOTAL TAXES	\$315,500	TOTAL GENERAL REVENUE	\$2,125,400

**Impact of Building 146 Multifamily Units in Honolulu County, Hawaii
Phase II—Induced Effect of Spending Income and Tax Revenue from Phase I**

A. Local Income and Jobs by Industry

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$775,600	\$303,200	\$472,300	\$54,000	9
Manufacturing	\$3,400	\$300	\$3,100	\$56,000	0
Transportation	\$49,800	\$6,800	\$43,000	\$44,000	1
Communications	\$1,002,300	\$343,800	\$658,500	\$81,000	8
Utilities	\$542,000	\$213,600	\$328,400	\$93,000	4
Wholesale and Retail Trade	\$2,860,500	\$538,800	\$2,321,700	\$36,000	65
Finance and Insurance	\$712,800	\$64,400	\$648,400	\$82,000	8
Real Estate	\$3,018,200	\$2,656,900	\$361,200	\$57,000	6
Personal & Repair Services	\$603,100	\$278,100	\$325,000	\$36,000	9
Services to Dwellings / Buildings	\$146,400	\$29,100	\$117,300	\$36,000	3
Business & Professional Services	\$1,482,200	\$444,800	\$1,037,400	\$57,000	18
Eating and Drinking Places	\$838,000	\$112,700	\$725,300	\$22,000	33
Automobile Repair & Service	\$412,900	\$125,800	\$287,100	\$36,000	8
Entertainment Services	\$196,600	\$54,200	\$142,400	\$41,000	4
Health, Educ. & Social Services	\$2,392,900	\$294,300	\$2,098,500	\$53,000	39
Local Government	\$906,600	\$0	\$906,600	\$56,000	16
Other	\$450,800	\$159,600	\$291,200	\$39,000	8
Total	\$16,394,100	\$5,626,400	\$10,767,400	\$45,000	239

B. Local Government General Revenue by Type

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$306,500	Residential Permit / Impact Fees	\$0
Residential Property Taxes	\$0	Utilities & Other Govt. Enterprises	\$551,300
General Sales Taxes	\$0	Hospital Charges	\$0
Specific Excise Taxes	\$102,200	Transportation Charges	\$1,400
Income Taxes	\$0	Education Charges	\$0
License Taxes	\$69,200	Other Fees and Charges	\$26,000
Other Taxes	\$100	TOTAL FEES & CHARGES	\$578,700
TOTAL TAXES	\$478,000	TOTAL GENERAL REVENUE	\$1,056,700

**Impact of Building 146 Multifamily Units in Honolulu County, Hawaii
Phase III—Ongoing, Annual Effect That Occurs Because Units Are Occupied**

A. Local Income and Jobs by Industry

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$341,000	\$132,000	\$209,100	\$54,000	4
Manufacturing	\$1,400	\$100	\$1,300	\$56,000	0
Transportation	\$18,500	\$2,500	\$16,000	\$47,000	0
Communications	\$380,100	\$129,800	\$250,300	\$81,000	3
Utilities	\$238,600	\$93,800	\$144,800	\$93,000	2
Wholesale and Retail Trade	\$1,173,700	\$221,100	\$952,600	\$36,000	27
Finance and Insurance	\$378,200	\$34,300	\$343,800	\$81,000	4
Real Estate	\$691,300	\$608,600	\$82,700	\$57,000	1
Personal & Repair Services	\$190,100	\$88,100	\$101,900	\$36,000	3
Services to Dwellings / Buildings	\$63,200	\$12,600	\$50,600	\$36,000	1
Business & Professional Services	\$560,000	\$171,400	\$388,600	\$57,000	7
Eating and Drinking Places	\$345,500	\$46,500	\$299,100	\$22,000	14
Automobile Repair & Service	\$162,200	\$49,400	\$112,800	\$36,000	3
Entertainment Services	\$101,700	\$27,900	\$73,800	\$38,000	2
Health, Educ. & Social Services	\$881,100	\$112,000	\$769,200	\$52,000	15
Local Government	\$214,400	\$0	\$214,400	\$56,000	4
Other	\$288,200	\$110,200	\$178,000	\$38,000	5
Total	\$6,029,200	\$1,840,300	\$4,189,000	\$44,000	94

B. Local Government General Revenue by Type

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$115,000	Residential Permit / Impact Fees	\$0
Residential Property Taxes	\$231,300	Utilities & Other Govt. Enterprises	\$355,900
General Sales Taxes	\$0	Hospital Charges	\$0
Specific Excise Taxes	\$38,300	Transportation Charges	\$500
Income Taxes	\$0	Education Charges	\$0
License Taxes	\$25,800	Other Fees and Charges	\$9,700
Other Taxes	\$0	TOTAL FEES & CHARGES	\$366,000
TOTAL TAXES	\$410,400	TOTAL GENERAL REVENUE	\$776,500



MISC

MAUI INVASIVE SPECIES COMMITTEE

Testimony of the Maui Invasive Species Committee
Opposing H.B. 808 Relating to the Conveyance Tax
Before the House Committee on Finance
Conference Room 308

February 25, 2011, 11:00AM

The Maui Invasive Species Committee (MISC) opposes H.B. 808. This bill will have unprecedented impacts on the state's ability to manage our natural resources and protect our islands from the spread of invasive species.

The Natural Area Reserve Fund (NARF) supports a wide range of projects, including funding for Natural Area Partnerships, the Natural Area Reserve System, the Watershed Partnerships, the Invasive Species Committees, and the Youth Conservation Corps. This bill places all these programs in jeopardy. The Land Conservation Fund allows the state to acquire matching federal funds to acquire properties with special conservation features; decreased property values provide a unique opportunity to acquire and protect undeveloped lands for generations to come.

The Natural Area Reserve Fund and the Land Conservation Fund have already experienced 60% cuts in state funding. Any further reduction in funding will result in the loss of experienced staff. The Invasive Species Committees have stopped filling vacant positions, reduced staff, and had to decrease survey and control actions to adjust to current economic realities. If H.B. 808 is enacted, the ISCs and Watershed Partnerships will be forced to lay off highly trained staff, the ability to train future generations of conservation workers through the YCC will disappear, and once-in-a-lifetime opportunities to acquire significant conservation lands will be lost. These cuts will significantly diminish the capacity to respond to new threats or address current infestations of invasive species. The impacts will be multiplied as state dollars are highly leveraged - the ability to secure matching federal and county funds will be at risk, if not lost entirely.

The island-based Invasive Species Committees will continue to ensure that operations are efficient and cost-effective. However, now is not the time to abandon the current, functioning system for supporting vital work in our life-giving watersheds. Please do not pass H.B. 808. Thank you for your consideration.



CONSERVATION COUNCIL FOR HAWAII

Testimony Submitted to the House Committee on Finance

Hearing: Friday, February 25, 2011

11:00 a.m.

Room 308

Opposition to HB 808

Aloha. The Conservation Council for Hawai'i opposes HB 808 Relating to the Conveyance Tax. We support the Natural Area Reserve Fund, Land Conservation Fund, and Rental Housing Trust Fund, and oppose any funding cuts and raids. These three funds are supported by the conveyance tax and promote wildlife conservation; watershed protection; invasive species control; land acquisition for open space agriculture, recreation, and other public values; and affordable rental housing. Hundreds of Hawai'i citizens fought hard to increase the conveyance tax to support these worthy public programs. It is not in the public interest to raid these funds to help balance the budget when these funds leverage millions of dollars from the private sector and federal government. The Natural Area Reserve Fund and Land Conservation Fund have already experienced 60% cuts in State funding when the Legislature redirected 20% of the revenue from the NAR Fund to the State General Fund in 2009, and the conveyance tax source of funding was drastically reduced with the down real estate market.

Please do not gut or raid the funds that are supported by the conveyance tax. Thank you for the opportunity to testify.

Sincerely,

Marjorie Ziegler



Hawai'i's Voice for Wildlife – Ko Leo Hawai'i no na holoholona lohiu

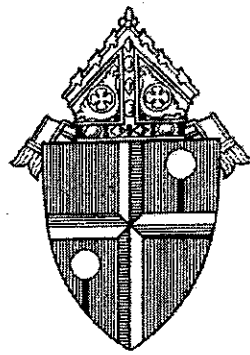
Telephone/Fax 808.593.0255 • email: info@conservehi.org • web: www.conservehi.org

P.O. Box 2923 • Honolulu, HI 96802 • Office: 250 Ward Ave., Suite 212 • Honolulu, HI 96814

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ROMAN CATHOLIC CHURCH IN THE STATE OF HAWAII

St. Stephen's Diocesan Center of the Roman Catholic Diocese of Honolulu
6301 Pali Highway, Kaneohe, HI 96744 • Phone: (808) 203-6718

Testimony of Kent Anderson
February 25, 2011, 11:00am; Conference Room 308
Opposition for HB 808

Good Morning Committee Chair Marcus R. Oshiro, Vice-Chair Marilyn B. Lee, and members of the Committee on Housing. Thank you for the opportunity to testify on behalf of **HB 808**.

My name is Kent Anderson, and I am here on behalf of the Diocese of Honolulu. I serve as the newly appointed Housing Development Director for the Office of Affordable Housing for the Diocese. We are your partners and among your strongest supporters in providing supportive services and permanent housing opportunities for those at the lowest levels of income who are either homeless or dangerously close to becoming homeless. We have and will continue to be your partners because we know that the government cannot and should not be the sole caretaker for our whole community.

Homelessness will impact over 15,000 of our neighbors this year statewide. Many of the victims will be keiki and kupuna. Many working families are unable to make ends meet since we experience the highest housing costs in the country. According to HUD statistics, fair market rent for a two-bedroom apartment is \$1,610. In order to afford this level of rent without paying more than 30% of income on housing, an employee must earn \$30.96/hr. Unfortunately, the average renter only earns \$12.89/hr in Hawaii. At this wage, two full time jobs are not sufficient to sustainably support a family. For minimum wage earners, the outlook is heartbreaking. A minimum wage earner would need to work 171 hours/week to support a family of four without any time off for sickness or vacation. An individual who could achieve this workload would be miraculous, especially since there are only 168 hours in a week.

We understand that times are tough right now; therefore, we must step forward to assist those most in need. Affordable housing is a basic need for our entire Ohana. It helps provide the basis of a healthy workforce, healthy children, healthy kupuna, and healthy economy. We ask that you prioritize your legislation to ensure that homeless services and affordable housing are priorities during this legislative session. We appreciate and highly applaud your past efforts and look forward to partnering with you to provide a home for each member of our Ohana.

HB808 will have a devastating impact on the creation of desperately needed affordable housing. According to State reports and recent dialogue, Hawaii experiences a \$7,500,000,000+ housing deficit that has created our current affordable housing crisis. Our state needs to create more affordable housing, not reduce funding for it! This bill would create an unfair burden to families struggling to survive and kill potential construction jobs that would help us overcome our fiscal woes. Please oppose HB808 and help us create a stronger community. We urge your support for this critical bill.

Thank you again for this opportunity to testify. Please contact me at kentanderson@rcchawaii.org or by phone at 808-203-6718 if the Office of Affordable Housing may be of assistance to your housing efforts.



House of Representatives
Committee on Finance
Friday, February 25th, 2011
12:00 p.m., Conference Room 308
State Capitol
415 Beretania Street

Aloha Chair Oshiro, Vice Chair Lee, and Members of the Committee,

Testimony in Opposition to HB 808

The O'ahu Invasive Species Committee opposes HB 808 which would totally suspend conveyance tax funding to the Legacy Land program for two years cut in half the conveyance tax allocation the Natural Area Fund for two years. The O'ahu Invasive Species Committee has received money from the Natural Area Reserve Fund to protect O'ahu Forests from watershed-destroying trees, assist with coqui frog control, and remove invasive species from low-elevation areas before they become a problem in the forests. Natural Area Reserve funds have provided good jobs and are matched with non-state funds, doubling the impact of each dollar.

OISC understands that the state faces a budget crisis. Our state funds have been cut by 65% over the past few years. I am doubtful our organization could remain intact with further cuts. State funding is critical for us because without it, we cannot receive federal dollars.

The Natural Area Reserve fund pays for an important service: protecting the forests that provide our islands with fresh water and clean air. Please leave it intact so that this important work may continue. Thank you for the opportunity to comment.

Sincerely,

Rachel Neville
Operations Manager
O'ahu Invasive Species Committee

THE
TRUST
for
PUBLIC
LAND



HAWAII

**THE TRUST FOR PUBLIC LAND'S TESTIMONY
IN OPPOSITION TO HB 808 RELATING TO THE CONVEYANCE TAX
House Committee on Finance
Friday, March 4, 2011, 11:00 a.m., Room 302**

The Trust for Public Land's (TPL's) Hawaiian Islands Program strongly opposes House Bill 808. TPL was one of the many conservation organizations that supported the passage of the Legacy Lands Act in 2005, which established the Legacy Land Conservation Fund (LLCF). The Legislature created the LLCF with broad support from the conservation and affordable housing community, and by a vast majority of both the House and Senate. While TPL appreciates the intent of HB 808 to find additional sources of general funds in this recession, TPL opposes HB 808 because: (1) the people of Hawai'i will lose millions of dollars of federal and private matching money for important agriculture, conservation, and cultural/heritage protection projects if the LLCF is suspended for two years, (2) the LLCF was automatically cut by 60% or more as a result in decreased real estate sales, (3) the LLCF has protected lands with tremendous agricultural, conservation and cultural/heritage value, producing an estimated \$6 dollars of public benefit for every dollar invested, and (4) this is the worst time to suspend the LLCF -- land prices are down and the public will forgo once-in-a-lifetime opportunities. A short five minute video at <http://www.youtube.com/watch?v=mhChOpRJnvI> describes how the LLCF and other conveyance tax funds (the Natural Area Reserve Fund and the Affordable Housing Rental Trust Fund) create jobs, leverage federal dollars, and provide important public benefits.

- **The State Will Lose Millions Of Federal Dollars If The Legacy Land Conservation Fund Is Suspended.**

The LLCF allows state, county, and non-profits to match millions of federal funds available for land conservation -- funding that has increased under President Obama's administration. For example, funding under the National Atmospheric and Oceanic

Administration's Coastal Estuarine Conservation Program (CELCP) has increased from \$8 million under former President Bush, to \$25 million in FY10 under President Obama. One of TPL's pending Hawai'i projects which we hope to close in the next several weeks, Lapakahi State Historical Park -- was ranked #1 among 57 projects nationally in FY2010 for \$1.25 million of CELCP funding. Without the matching LLCF dollars, this project would not be possible, and Hawai'i would have lost \$1.25 million in matching federal dollars. If the LLCF is suspended, the State will lose millions of federal funds, and once-in-a-lifetime opportunities to save land that supports local agriculture, conserves water resources, and sustains our Hawaiian heritage.

Another example: TPL assisted the Department of Land and Natural Resources in acquiring 3,592 acres at Honouliuli Forest Reserve in 2010 for less than \$1 million from the State Land Conservation Fund, leveraging over \$3.3 million of federal dollars. In addition, private donations of approximately \$400,000 were deposited as an endowment with the Hawai'i Community Foundation to support the State's management of the Forest Reserve in the future. The Forest Reserve conserves important watershed above the Pearl Harbor Aquifer, O'ahu's main source of drinking water, and important native habitat for dozens of threatened and endangered species, and treasured Hawaiian cultural sites. Without the LLCF, this project could have never have happened -- and over \$4 million in federal and private dollars would have been lost to the State and the future generations of Hawai'i's people.. If money from the LCF had been diverted for other, admittedly worthy purposes, this once in a lifetime opportunity to secure and protect this significant area and bring in additional federal and private dollars to Hawai'i would have been lost. The LLCF needs to be available for these opportunities, and not suspended or further reduced (having suffered 60% reductions already).

The small amount in the LLCF allows the State, the counties, and non-profits, to leverage an additional 2-3 dollars of federal and/or private money for every LLCF dollar spent. Without the LLCF, the people of Hawai'i will lost millions of federal and private matching dollars.

- **Suspending The LLCF Is Unnecessary. It Has Been Cut By 60% As Land Sales Decreased.**

Suspending the LLCF is not necessary. Real estate sales have decreased dramatically with the waning economy. The amount of money generated by the conveyance tax has decreased by 60%. The amount in the LLCF is automatically reduced without the Legislature lifting a finger. This is a proportionately much larger cut than any other department or program.

- **The LLCF Has Conserved Important Lands With Tremendous Agricultural, Conservation, and Cultural/Heritage Value, Returning An Estimated \$6 For Every Dollar Spent in Public Benefits.**

The LLCF has conserved important lands with agricultural, conservation, and cultural/heritage value. For example, in January 2009, TPL assisted MA'O Farm in

acquiring 11 acres of prime agricultural land in Wai`anae to support its organic farming operations, and its youth education and food sustainability programs for Wai`anae youth (MA`O pays for tuition waivers to send two dozen Wai`anae interns to Leeward Community College to receive their associate's degree). As described above, important watershed that feeds our drinking water aquifer will be protected by the Honouliuli Forest Reserve project. With LLCF support, the State Parks Division is acquiring a privately owned coastal inholding within Lapakahi State Historical Park on Kohala, Hawai`i Island, preserving an important part of Hawai`i's pre-contact heritage. All of these projects were or are funded by the LLCF. Without the LLCF, these projects could not have occurred.

Small investments through the LLCF in agriculture, conservation, and our cultural heritage pay off over time. By protecting watershed land from development, government can avoid billions of dollars in operating expenses to treat contaminated drinking water or finding replacement water sources. By protecting agricultural land, we increase our isolated island chain's ability to feed itself, generate our own energy, and create jobs. By protecting cultural/heritage lands, we sustain what makes us unique as a culture and as a world renowned visitor destination. Visitors who stay here to appreciate the culture spend more and stay longer. The small investments made possible by the LLCF result in immeasurable economic and social returns.

TPL has conducted studies in other areas of the nation which estimate that, for every dollar invested in conservation of land, an average of six dollars is returned in public benefits (e.g., avoiding treatment of drinking water sources, erosion and flood control, scenic resources). The LLCF is a wise use of taxpayer dollars.

- **The Public Will Lose Once-In-A-Lifetime Opportunities.**

A down economy is the worst time to suspend the LLCF. In a down economy, land values decline and landowners are sometimes motivated to sell, rather than develop land. There will be once-in-a-lifetime opportunities to secure important agriculture, conservation, and cultural/heritage lands in the next several years. But once the economy turns around, the value of these lands will rise and will be priced out of the conservation market. Every dollar left in the LLCF (even at a 60% reduction) will be important in taking advantage of the "green lining" in the otherwise dismal economy.

There is no doubt that the State faces serious financial times. However, the LLCF, the Natural Area Reserve Fund, and the Affordable Housing Rental Trust Fund have already been automatically and disproportionately cut by 60%. There is no need to cut these programs further. We therefore oppose HB 808, and request that the members of this Committee vote against this bill.

Mahalo for this opportunity to testify -

Lea Hong

Lea Hong
Hawaiian Islands Program Director
1136 Union Mall, Suite 202
524-8563 (office), 783-3653 (cell)



COORDINATING GROUP ON
ALIEN PEST SPECIES

House of Representatives
Committee on Finance
Friday, February 25, 2011
11:00 a.m., Conference Room 308
State Capitol

Testimony in Opposition to HB 808

Aloha Chair Oshiro, Vice Chair Lee, and Members of the Committee,

The Coordinating Group on Alien Pest Species **opposes HB 808, Relating to the Conveyance Tax**. Legislation passed in 2005 provided much-needed funding for three important programs, two of which are the Natural Area Reserve Fund (NARF), which protects Hawaii's environment, native species, and natural resources across the entire state, and the Land Conservation Fund, which ensures the protection of important lands for future generations.

As you know, the amount of conveyance tax collected is dependent on real estate transactions, which are down 50%. In addition, the 2009 Legislature temporarily reduced the allocations to the NARF, the cumulative result is a 60% cut. Additionally, many of the programs supported by the NARF depend on these state funds for keeping federal matching dollars and attracting new matching funds. The consequences of the changes proposed in this bill include:

Reducing by half the funding to the NARF

- Inability to match millions of dollars in federal funds and attract future federal funds—these funds are used strategically by a variety of programs to protect natural resources statewide, not just in the Natural Area Reserve System
- Limited ability to control invasive pests in watersheds—these areas require intensive management so that they continue to provide water even in our lifetime
- Inability to respond to, control, or eradicate pests like coqui frogs and little fire ants on islands currently free of these pests
- Inability to survey for and control some of the most invasive plants in the world before the infestations become too large and intractable—no funds means that these plants can mature and produce millions of seeds

Temporarily stopping distribution to the Land Conservation Fund

- Loss of more than \$10 million in matching funds
- Potential loss of important cultural, natural, recreation, and historic lands lost to development

CGAPS respectfully requests that the legislature oppose HB 808. Mahalo for your consideration.

Aloha,
Christy Martin
Coordinating Group on Alien Pest Species (CGAPS)
Ph: (808) 722-0995



Protecting nature. Preserving life.™

The Nature Conservancy of Hawai'i
923 Nu'uuanu Avenue
Honolulu, Hawai'i 96817

Tel (808) 537-4508
Fax (808) 545-2019

nature.org/hawaii

Testimony of The Nature Conservancy of Hawai'i
Opposing H.B. 808 Relating to the Conveyance Tax
House Committee on Finance
Friday, February 25, 2011, 11:00AM, Rm. 308

The Nature Conservancy of Hawai'i is a private non-profit conservation organization dedicated to the preservation of Hawaii's native plants, animals, and ecosystems. The Conservancy has helped to protect nearly 200,000 acres of natural lands for native species in Hawai'i. Today, we actively manage more than 32,000 acres in 10 nature preserves on Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i. We also work closely with government agencies, private parties and communities on cooperative land and marine management projects.

The Nature Conservancy strongly opposes H.B. 808.

We appreciate that these are unprecedented times for our State budget and it is important to find ways to balance priorities and get our economy back on sound footing. However, the watershed protection, invasive species control and land preservation programs that are supported by the DLNR's Natural Area Reserve (NAR) Fund and Land Conservation Fund have **already experienced 60% cuts** in State funding. These cuts have occurred because in 2009 the Legislature redirected 20% of the revenue from the NAR Fund to the State General Fund, and the conveyance tax source of funding was drastically reduced with the down real estate market.

The programs and partnerships that manage our natural resources and protect us from the spread of invasive species have already stopped filling open positions, reduced their staff, and have pulled back on protection efforts. Further cuts—like H.B. 808—and the resulting loss of experienced staff will render many forest protection and invasive species programs either inoperable or severely diminished, leaving our watersheds and communities vulnerable to threats which do not recognize recessions.

Under HRS §247-7, a portion of existing conveyance tax revenue has been appropriately used for forested watershed conservation and invasive species control via the Natural Area Reserve Fund. While the development and sale or other transfers of real estate can have very positive effects on the state's economy, it also poses some significant challenges. For example, fresh water is not a limitless resource that can forever be tapped to support developed real estate.

The source of fresh water is not the faucet, pipe, or even the well or stream it's drawn from. The real source is a system of healthy forested watersheds—not forests overrun by invasive plants and animals—that captures rain and cloud moisture and delivers it efficiently to aquifers and surface sources for subsequent consumption in our daily lives. We now know from the Waiāhole contested case that the demand for fresh water on O'ahu will exceed supply by 2020. In past years, enormous amounts have been invested in the development and sale of real estate, and there are now plans for renewed investment in development and construction to help lift our economy out of the current recession. Yet, we make a comparatively tiny investment in protecting the forested watersheds that provide the most basic resource to support that development—clean fresh water.

Significant belt tightening is necessary and occurring, but please don't cripple conservation in Hawai'i. The real estate market is now experiencing a cautious rebound and we are hopeful that this rebound will be reflected in conveyance tax revenues. Surely, the Committee can find a balance for these revenues to continue to support closing the State's general fund budget gap without additional cuts to these essential land, water and invasive species programs.

BOARD OF TRUSTEES

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HAWAII ISLAND COMMUNITY DEVELOPMENT CORPORATION

100 PAUAAHI STREET, SUITE 204 • HILO, HAWAII 96720

TESTIMONY IN OPPOSITION
HB 808 - Relating to Conveyance Tax

The proposal to suspend conveyance tax revenue contribution to the Rental Housing Trust Fund will adversely affect the construction of affordable housing in general and specifically could impact a pending senior rental project here in Hilo.

Our non-profit corporation has received an allocation of \$8.3 million in federal funds to construct a 40 unit complex complete rental assistance for low income seniors. With this rental assistance the seniors would have to pay only 30% of their income for rent and utilities. For most clients in these programs that amounts of less than \$200 per month in rent.

However, the federal funds do not cover the entire cost of development and to cover that gap we have turned to the Rental Housing Trust Fund and the Low Income Housing Tax Credit programs, both administered by the Hawaii Housing Finance and Development Corporation.

Should we be unable to secure the needed funding from HHFDC we will not be able to utilize the \$8.3 million in federal funds and will not be creating construction and operational jobs at the project nor generating tax revenue from those activities.

We urge the legislature to continue funding the Rental Housing Trust Fund as its beneficiaries include the low income seniors, those involved in construction, design, financing and operations as well as the tax base of the State of Hawaii.

Thank you for this opportunity to comment on this bill.



Keith Kato
Executive Director
February 23, 2011

TESTIMONY ON HB 808
Finance Committee Hearing,
Friday, Feb.25, 11:00 a.m.

FROM:

Gene J. Parola
Chair, Social Justice Council
First Unitarian Church of Honolulu
Feb. 24, 2011

Aloha, and Mahalo to the committee for considering this testimony.

We regret to say that we oppose HB 808 relating to the Conveyance Tax.

When the Conveyance Tax became the source for support of a multitude of small entities that could not wage major legislative campaigns, it seemed a reasonable simple way to deal with their needs. Much of the legislative support at the time came because the amounts of money were small and spread over much territory of 'good will'. However, those small amounts became large percentages of budgets for many of the organizations in question. Some have already been curbed in earlier legislative sessions and further cuts now when private donations are at a low ebb, endanger not only the effectiveness of the groups, but in some cases may spell the end of their service to the community.

Please do not cut the Rental Housing Trust Fund.

Mahalo for your attention.

Respectfully,

Gene J. Parola,
Chair, Social Justice Council,
First Unitarian Church of Honolulu

Opposing H.B. 808 Relating to the Conveyance Tax
House Committee on Finance
Friday, February 25, 2011, 11:00AM, Rm. 308

This testimony is in opposition to HB 808 because the Natural Area Reserve Fund (NARF):

- **Supports local jobs for local people** - The NARF is critical to supporting our economy through jobs for local people, particularly the youth who will become future stewards. I myself was able to return from the mainland to apply what I had learned to where I was born and raised through positions that were funded by NARF.
- **Succeeds on-the-ground** -The NARF supports direct, on-the-ground management of critical watersheds through fencing, invasive species control, and feral ungulate control which protects our native forests. These forests provide our drinking water as well as keeps sediment from running off into our productive coastal areas where people fish and tourists snorkel and swim.
- **Protects our drinking water and agriculture** – 99% of our drinking water comes from ground water which is provided by our aquifers which in turn is replenished through our forested watersheds. The projects which the NARF supports covers close to half of the state's entire land acreage through public-private partnerships, many areas of which are critical rainfall areas that produce over 220 billion gallons of water each year for our communities, local agriculture, and businesses.
- **Leverages additional funds** – The NARF leverages at least 1:1 (if not 1:2) in matching federal, county, and private funds. So why diminish a fund that actually brings in more money for our state (which supports local people with jobs and local companies through supply purchases and contracts)? Is the state in a position to turn away potential matching funds in the range of \$3-8 million dollars?

Through legislation which passed last year as well as the downturn in the real estate market, the NARF and the critical programs it supports have already suffered a 60% reduction in their funding. These programs have already cut back by not implementing projects, not filling positions, and letting some positions go. Any additional cuts could mean a complete end to programs. Given the vital services provided by the NARF and the significant cuts they've already weathered (especially compared to others), HB808 is a short-sighted bill that should not be passed.

Thank you for your time,
Colleen Cole
Hawaii Island resident
tcolleencole@gmail.com

**Maika'i Kamakani 'O Kohala, Incorporated's Testimony
In Opposition to HB 808 Relating To The Conveyance Tax**

**House Finance Committee
Friday, February 25, 2011 11 a.m. Room 308**

Maika'i Kamakani 'O Kohala, Incorporated strongly opposes House Bill 808. Our character of our organization is to protect and preserve traditions and customs for our Hawaiian citizen community. Our purposes for which we are organized is to provide for the education of Hawaiian citizens and those of Hawaiian ancestry; to preserve and cherish all sources and records of ancient Hawaiian traditions, customs, language, and historic sites and to engage in economic development programs that benefits the social health and moral welfare of community

We oppose House Bill 808 Relating to the Conveyance Tax. We support the the Natural Area Reserve Fund, Land Conservation Fund, and Rental Housing Trust Fund against funding cuts and raids. These three funds are supported by the conveyance tax and promote wildlife conservation; watershed protection; invasive species control; land acquisition for open space agriculture, recreation, and other public values; and affordable rental housing. Hundreds of Hawai'i citizens fought hard to increase the conveyance tax to support these worthy public programs. It is surely not in the public's best interest to raid these funds to help balance the budget when these funds leverage millions of dollars from the private sector and federal government.

The Natural Area Reserve Fund and Land Conservation Fund have already experienced 60% cuts in State funding when the Legislature redirected 20% of the revenue from the NAR Fund to the State General Fund in 2009, and the conveyance tax source of funding was drastically reduced with the down real estate market. With many families without great paying jobs and either unemployed or underemployed, this is an area of need for housing projects should these families begin foreclosing on their properties. These are the families which are severely displaced in a state that if the majority of our revenue is in tourism - you will note the effect on any visitors if you have families legally or illegally camping in areas which you advertise as "paradise". Who would want to visit Hawaii with transient and homelessness being a big problem as of current.

Currently we were approved for release of funding from the State Legacy Land Commission for Kauhola Point here in Historic Kohala, Hawaii, birthplace of King Kamehameha I. This is land that is special in history but also land that has an abundance for food and recreation for our community. We are currently resourcing private funding as required to match the full purchase price of the sale. Please do not take food from the table of our community by approving HB 808 which we strongly oppose. Practice KINA'OLE!

You need to stand by your State Motto "Ua mau ke ea oka 'aina ika pono" because our state motto embraces just this connection to Land & Housing. You can not have one without the other perpetuating in righteousness. Hawaiian style says, "Whatever you do on land, you make

sure it is a blessing because it falls on the communities that of the same." We need blessings not cursings on our land. What you put out will only tenfold come back to you and from what we have seen thus far, the state hasn't been practicing "Kina'ole". It means to do the right thing, in the right place, with the right feeling, THE FIRST TIME. We talk about protecting our resources in everyday communication, but instead with HB 808 being presented, we are stalling what good it can do for us as citizens meaning "You take care what you have to make sure the voice is "People First, Money Second" Our resources of land & housing issues should be embraced for our people and NOT for money to balance our state's budget.

Malama Pono,

Stephanie N. Naihe Laxton, Founder/President

Maika'i Kamakani 'O Kohala, P.O. Box 40, Kapaau, HI 96755 email: NAIHE@msn.com

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 24, 2011 3:50 PM
To: FINTestimony
Cc: jkimof@msn.com
Subject: Testimony for HB808 on 2/25/2011 11:00:00 AM

Testimony for FIN 2/25/2011 11:00:00 AM HB808

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: James Kimo Falconer
Organization: MauiGrown Coffee, Inc.
Address:
Phone:
E-mail: jkimof@msn.com
Submitted on: 2/24/2011

Comments:

I oppose HB 808 as I feel funding for the legacy lands issues should move forward. Thank you.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Thursday, February 24, 2011 10:04 AM
To: FINTestimony
Cc: amber@hanaranch.net
Subject: Testimony for HB808 on 2/25/2011 11:00:00 AM

Testimony for FIN 2/25/2011 11:00:00 AM HB808

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Amber Starr
Organization: Hana Ranch Partners, LLC
Address:
Phone:
E-mail: amber@hanaranch.net
Submitted on: 2/24/2011

Comments:

Aloha and thank you for this opportunity to testify on HB 808. My Name is Amber Starr and I am Chief Operating Officer of Hana Ranch in East Maui. We are a founding member of the East Maui Watershed Partnership, and we have worked closely over the years with private partners and agencies dedicated to the protection of our State's most valuable natural resources. I oppose the elements of HB 808 that would suspend conveyance tax funding to the Legacy Land program for two years (FY12 & 13); and cut in half the conveyance tax allocation to the Natural Area Fund for two years (FY12 & 13). The programs that are funded by the DLNR's Natural Area Reserve Fund are essential to the protection of our critical Island resources. These programs support watershed management, invasive species control, agricultural production, forestry, coastal protection and cultural preservation. The public benefit these programs and their hundreds of dedicated staff across the state provide is often overlooked but is critical to our environment, economy, lifestyle, and survival as an Island State now and into the future.

Mahalo,

Amber Starr

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 24, 2011 9:42 AM
To: FINTestimony
Cc: oluolu@maui.net
Subject: Testimony for HB808 on 2/25/2011 11:00:00 AM

Testimony for FIN 2/25/2011 11:00:00 AM HB808

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Helen Nielsen
Organization: Hawaiian Islands Land Trust
Address:
Phone:
E-mail: oluolu@maui.net
Submitted on: 2/24/2011

Comments:

I strongly oppose raiding the funding for the Natural Area Reserve fund, Land Conservation fund and Rental housing fund. The funding for these programs have already taken severe cuts in the last two years. These funds are so important in protecting what is left of our natural areas; controlling invasive species, keeping agricultural lands in agriculture, which is severely threatened and essential for future food sustainability. So much of these funds are leveraged to the point where we get so much more than just the funds itself. These funds are an integral part to obtaining matching funds from other sources. I wish I was to testify in person, however I am unable to fly over from Maui for the hearing. Once these funds are suspended, other groups will be raiding it to use for other purposes. Voters came out to have these conveyance taxes in place for conservation (as it is being used currently) and now it is threatened to be suspended and/or redirected elsewhere. Please do not support this bill. I can be reached on my cell phone at 283-1038 on Maui. Mahalo.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 24, 2011 9:11 AM
To: FINTestimony
Cc: NAIHE@msn.com
Subject: Testimony for HB808 on 2/25/2011 11:00:00 AM

Testimony for FIN 2/25/2011 11:00:00 AM HB808

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Stephanie N. Naihe Laxton
Organization: Maika'i Kamakani 'O Kohala, Incorporated
Address:
Phone:
E-mail: NAIHE@msn.com
Submitted on: 2/24/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Wednesday, February 23, 2011 9:37 PM
To: FINTestimony
Cc: jennifer@hilt.org
Subject: Testimony for HB808 on 2/25/2011 11:00:00 AM
Attachments: Testimony in Opposition of HB808.doc

Testimony for FIN 2/25/2011 11:00:00 AM HB808

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Jennifer Luck
Organization: Hawaiian Islands Land Trust
Address:
Phone:
E-mail: jennifer@hilt.org
Submitted on: 2/23/2011

Comments:

Testimony in Opposition of H.B.808:

As the Kaua'i Island Director of the Hawaiian Island Land Trust (HILT) I have seen first hand the powerful positive influence of the Legacy Land Fund on our island. In 2009 the Kaua'i Public Land Trust (KPLT) applied for, and was granted, an \$800,000 grant from the fund to purchase a $\frac{3}{4}$ acre property along Hanalei Bay for expansion of Black Pot Beach Park.

In addition to these funds we were able to secure \$2.2million from the County of Kaua'i towards the acquisition. The landowner agreed to donate \$870,000 in land value as well. The combination of these funds enabled KPLT and the County to purchase the property and expand the park. Without the Legacy Land funds this would not have happened. The County only became willing to support the project once they received confirmation of the state funding. Black Pot Beach Park is one of the most popular parks on the island. It is visited by literally thousands of people each year and has been in desperate need of expansion for over a decade. The \$800,000 from the Legacy Lands Fund was pivotal in making this expansion happen, and as a result thousands of local families now have more space to recreate.

I appreciate that these are unprecedented times for the State budget and our elected officials are in the position of making some extremely difficult decisions however the Natural Area Reserve Fund and the Legacy Land Fund have already received a 60% cut in funding. To completely eliminate both funds will drastically reduce the health and well being of our environment. In Hawaii the environment is the economy, we rely on the natural beauty of our islands to attract millions of visitors every year. Preserving and protecting open space, watersheds and native species contribute greatly to the breathtaking beauty of our state. To eliminate funds that support land preservation, invasive species elimination and watersheds in a place that is world renown for its natural beauty makes no sense.