



**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 HOUSING**

February 16, 2011 at 8:30 a.m.  
Room 325, State Capitol

In consideration of  
**H.B. 960**  
**RELATING TO LOW-INCOME HOUSING.**

Chair Cabanilla, Vice Chair Chong, and Members of the Committee on Housing,

The HHFDC supports H.B. 960, which is similar in content to H.B. 1013, an Administration bill. We defer to the Department of Taxation with respect to the fiscal impact of this bill.

The Low-Income Housing Tax Credit (LIHTC) program is a major financing tool to construct or rehabilitate affordable **rental housing** for families at or below 60 percent of the area median income. Under the program, HHFDC awards federal and state tax credits that may be used to obtain a dollar-for-dollar offset (tax credit) in income tax liability for 10 years or may be syndicated to generate substantial project equity. There are two types of federal tax credits: 1) 9% competitive tax credits, which are applied against the State of Hawaii's annual LIHTC volume cap allocation and 2) 4% non-competitive tax credits, which are awarded outside of the federal tax credit volume cap with tax-exempt bond financing. Approximately \$2.719 million in federal and \$1.359 million in state volume credit tax credits may be awarded each year.

Many LIHTC projects have been stalled during the recession due to the lack of available private investors who are willing to purchase these tax credits, or due to the fact that the equity generated by the sale of state tax credits is not sufficient to fund project development.

The tax credit exchange program proposed in H.B. 960 would allow eligible affordable rental housing developers to trade in both competitive, State volume cap LIHTCs and non-volume cap LIHTCs for a loan. The loan amount would be equivalent to 70 percent of the State LIHTC award over the ten year period. The exchange of the State LIHTC could provide nearly three times more equity for the development or rehabilitation of affordable rental housing projects compared to the existing credit program.

The State LIHTC loan mechanism proposed in this bill is similar to the Section 1602 provisions in the American Recovery and Reinvestment Act of 2009, which assists projects receiving competitive Federal volume cap LIHTCs. As the State of Hawaii's LIHTC issuing agency, HHFDC supports the creation of a loan option for the State credit to provide affordable housing developers with sufficient equity to finance construction of much-needed rental projects.

Thank you for the opportunity to testify.

TESTIMONY BY KALBERT K. YOUNG  
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON HOUSING  
ON  
HOUSE BILL NO. 960

February 16, 2011

RELATING TO LOW INCOME HOUSING

House Bill No. 960 establishes a program for providing low-income housing tax credit loans in lieu of State of Hawaii low-income housing credits administered by the Hawaii Housing Finance and Development Corporation, and authorizes the issuance of general obligation bonds to fund the loans.

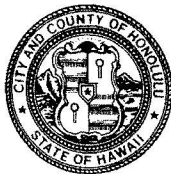
The Department has a technical comment on this bill. As the bond proceeds will be used for private purposes, taxable general obligation bonds, with interest rates higher than those of tax-exempt general obligation bonds, will need to be issued to fund the low-income housing tax credit loans.

Thank you for the opportunity to provide our testimony on this bill.

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  
ACTING DIRECTOR

BRIDGET HOLTHUS  
DEPUTY DIRECTOR

Testimony of the Department of Community Services

**MEASURE:**

HB 960, Relating to LOW-INCOME HOUSING.

**COMMITTEE(S):**

HOUSE COMMITTEE ON HOUSING

**HEARING DATE:** Wednesday, February 16, 2011

**TIME:** 8:30 a.m.

**LOCATION:** State Capitol, Room 325

**COMMITTEE REQUESTS 12 COPIES**

**TESTIFIER(S):**

Samuel E.H. Moku, Acting Director  
(Written testimony only. For more information, call  
Keith Ishida, Community Based Development Division, at 768-7750.)

---

Chair Cabanilla and Members of the Committee:

The Department of Community Services strongly supports House Bill 960.

This bill establishes a program for granting low-income housing tax credit (LIHTC) loans in lieu of low-income housing tax credits administered by the Hawaii Housing Finance and Development Corporation, and authorizes the issuance of General Obligation bonds to fund the loans.

It is an opportune time to establish a program for granting interest-free, low-income housing tax credit loans given present tax credit syndication rates, the affordable housing crisis facing the State, and the current state of the economy. Current conditions have severely depressed LIHTC syndication rates, which in turn limits the amount of LIHTC equity generated to support the development of affordable rental housing and, at worst, may stall projects from moving forward due to the lack of adequate financing. The proposed interest-free loans serve as an alternative source of gap financing to developers of affordable housing, thus addressing one of the greatest challenges to developing affordable housing.

From the perspective of taxpaying residents, the interest-free loans will result in an increase in the amount of State funds going directly into the construction of affordable rental housing, thus providing greater benefit to families and communities as a whole. Furthermore, the interest-free loans may enable more affordable housing projects to move forward, thereby providing direly needed jobs for our construction industry.

We respectfully ask that this bill be passed.



# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** INCOME, Low-income housing credit loan program

**BILL NUMBER:** SB 695; HB 960 (Identical)

**INTRODUCED BY:** SB by Dela Cruz, Shimabukuro, and 5 Democrats; HB by Chang, Chong, Mizuno, Nakashima, Nishimoto, Souki, Tsuji and 1 Democrat

**BRIEF SUMMARY:** Amends HRS section 235-110.8 to provide that a qualified low-income building that has been awarded a subaward under section 1602 of the American Recovery and Reinvestment Act (ARRA) of 2009, (Public Law 111-5), shall also be eligible for the low-income housing credit in the amount of 50% of the amount of the federal low-income housing tax credit that would have been allocated to the qualified low-income building pursuant to IRC section 42(b).

In lieu of the low-income housing tax credit, the owner of a qualified low-income building that has been awarded federal credits under IRC section 42(h)(3)(C) or a subaward under section 1602 of the ARRA, may request a loan under HRS section 201H and shall not be eligible for the low-income housing tax credit.

Adds a new section to HRS chapter 201H to allow the Hawaii Housing finance and development corporation (HHFDC) to provide a no-interest, low-income housing tax credit loan to an owner of a qualified low-income building that has been awarded federal tax credits that are subject to the state housing tax credit ceiling under IRC section 42(h)(3)(C) or a subaward under section 1602 of the ARRA. The loan shall be equal to 70% of the cash value of the amount of the low-income housing tax credit for each taxable year in the 10-year credit period discounted to present day value and capitalized at the rate of interest on the taxable general obligation bonds used to fund the loan. Allows the HHFDC to impose conditions or restrictions on the low-housing tax credit loans.

Authorizes the director of finance to issue general obligation bonds in the sum of \$\_\_\_\_\_ for fiscal 2012 for the purpose of low-income housing tax credit loans. The appropriation made for the low-income housing tax credit loans shall not lapse at the end of the fiscal year for which the appropriation is made; provided that all moneys from the appropriation unencumbered as of June 30, 2014 shall lapse as of that date.

**EFFECTIVE DATE:** July 1, 2011; applicable to qualified low-income building placed in service after December 31, 2010

**STAFF COMMENTS:** Under section 1602 of the American Recovery and Reinvestment Tax Act of 2009 (ARRA)(P.L. 111-5), state housing credit agencies are eligible to receive section 1602 grants for low-income housing projects in lieu of low-income housing credits under IRC section 42 for 2009. Under Section 1602, state housing finance agencies may apply to the U. S. Treasury for an exchange of returned or unused FY 2007 and 2008 tax credits, as well as 40% of each state's housing finance agency's 2009 tax credit ceiling and these funds may be subawarded by a housing finance agency to

properties eligible for a tax credit but that have been unsuccessful in finding investors. While Section 1602 funds must have been spent on project costs by December 31, 2010, it is questionable whether this program will be extended.

While the federal low-income housing tax credit was monetized, that is cash grants are being given out for the volume capped 9% credits, this measure proposes to provide a low-interest loan equal to an unspecified percentage of the cash value of the state credit. The move at the federal level to monetize this credit was spurred by the freeze of the credit markets and the lack of investors interested in buying the low-income housing tax credit. At the state level, interest in the state counterpart of the low-income housing tax credit waned when other more generous credits, like the high technology investment credits, became available. Thus, this measure attempts to provide a state subsidy in the form of a loan program equal to an unspecified amount of the cash value of the credits.

Unfortunately, based on the proposal to renovate the state's largest housing project, Kuhio Park Terrace, most of the state's volume capped low-income housing tax credits will be utilized by that project for the next eight to ten years. Thus, many of the smaller developers of low-income housing in the state who relied on those credits to make the numbers pencil out for their projects will basically be out of business for the next ten years. Thus, the loans proposed by this measure will go toward the renovation of Kuhio Park Terrace rather than developing privately held affordable housing.

While this is just one incentive to encourage developers to build affordable housing, consideration should be given to a number of strategies including debt financing, partnerships with financial institutions who could then turn around and sell the credits, and the use of federal private activity bonds. Apparently public officials still have not recognized that one of the greatest contributors to the cost of housing in Hawaii is the draconian maze of permitting and regulatory processes in order to bring those homes to market. While those regulatory guidelines are to insure the health and safety of the public, streamlining the process would accelerate the time needed to secure those permits thereby reducing the cost of financing. This savings would go a long way toward reducing the final cost of the house to the consumer. For example, for one housing project on Kauai, it took nearly five years to secure the necessary permits to build 14 affordable homes.

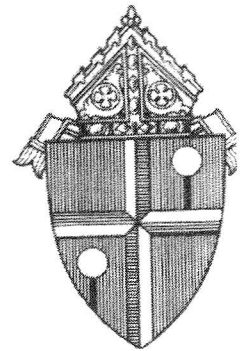
Finally, it should be noted that while it has been difficult to sell the state tax credits because of the freeze in the credit markets, the state low-income housing tax credits are also being by-passed because they must now compete with more generous credits such as the credit for investment in qualified high technology businesses. Thus, the incentive for affordable housing is being thwarted by those other generous credits. Apparently, lawmakers believe that they can blunt this impact by providing the loans proposed in this measure. Unfortunately, they are just that, loans which must be repaid at sometime in the future unlike the credits which can be sold to investors in return for hard cash. This contortion is a result of the generous tax incentives handed out for other targeted business activities. Hopefully lawmakers won't make the same mistake in the future.

Digested 2/2/11

# 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 16, 2011, 8:30am; Conference Room 325  
Support for HB 960

Good Morning Committee Chair Rida T.R. Cabanilla, Vice-Chair Pono Chong, and members of the Committee on Housing. Thank you for the opportunity to testify on behalf of **HB 960**.

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.

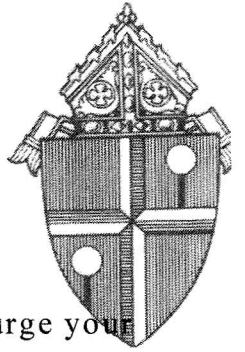
We understand that times are tough right now; therefore, we must step forward to assist those most in need. Affordable housing is a basic need for our entire Ohana. It helps provide the basis of a healthy workforce, healthy children, healthy kupuna, and healthy economy. We ask that you prioritize your 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.

HB960 will make a positive impact in creating affordable housing. The uncertainty of tax credit syndication greatly damages our affordable housing goals. Often, a project is unable to proceed if yields become unexpectedly low due to limited investor interest. By establishing a tax credit loan system, funding uncertainty will be reduced, thereby helping to facilitate the efficient development of affordable housing on each of our

## 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



islands. Please support HB960 and help us create a stronger community. We urge your support for this bill.

Thank you again for this opportunity to testify. Please contact me at [kentanderson@rcchawaii.org](mailto:kentanderson@rcchawaii.org) or by phone at 808-203-6718 if we may be of assistance.



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF HB 960: Relating to Low- Income Housing

TO: Representative Rida Cabanilla, Chair; Representative Pono Chong, Vice Chair, and Members, Committee on Housing

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

**Hearing: Wednesday , 2/16/11; 8:30 a.m.; CR 325**

Chair Cabanilla, Vice Chair Chong, and Members of the House Committee on Housing:

Thank you for the opportunity to testify on HB 960. I am Betty Lou Larson, Legislative Liaison for housing and homelessness issues at Catholic Charities Hawaii. Catholic Charities Hawaii supports this bill.

This bill would provide for the exchange of the state tax credits for loan funds. Monetizing these tax credits may result in **more than double the amount of cash available for these housing projects when compared to the current system.** Catholic Charities Hawaii likes these “odds”—double the money to create housing in these tough economic times. We support this bill as it creates more flexibility in the use of these credits, yet is neutral as far as the state budget. Because the amounts available for the proposed loan program would be discounted, it does not have a budgetary impact to the State.

This bill would provide a creative way to utilize state low-income housing tax credits. This state program could be a very valuable tool to assist with financing the development or rehabilitation of affordable rental housing units. However, these tax credits compete with all other tax credits offered by the State. Even more important, with the current economic downturn, there has been little demand for the sale of these credits. Thus this valuable resource that projects had used to gain equity to make their projects pencil out, is not working. Projects have become stalled when they could not sell these state tax credits.

With our growing crisis in homelessness and the dire need for affordable rentals for many in our community, this bill creates another tool in the toolbox to create housing. We need every incentive possible to continue financing projects so that they are sustainable.

We urge you to pass this bill, as it will stimulate the development or rehabilitation of much needed affordable rental housing. Thank you for supporting this creative idea to gain additional funding for housing, without impacting on the State’s budget.



Catholic  
Charities  
USA\*



CLARENCE T. C. CHING CAMPUS • 1822 Ke‘eaumoku Street, Honolulu, HI 96822  
Phone (808)373-0356 -- [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org)

• [www.CatholicCharitiesHawaii.org](http://www.CatholicCharitiesHawaii.org)





The REALTOR® Building  
1136 12<sup>th</sup> Avenue, Suite 220  
Honolulu, Hawaii 96816

Phone: (808) 733-7060  
Fax: (808) 737-4977  
Neighbor Islands: (888) 737-9070  
Email: har@hawaiiirealtors.com

February 14, 2011

**The Honorable Rida T.R. Cabanilla, Chair**

House Committee on Housing  
State Capitol, Room 325  
Honolulu, Hawaii 96813

**RE: H.B. 960, Relating to Low-Income Housing**

**HEARING: Wednesday, February 16, 2011 at 8:30 a.m.**

Aloha Chair Cabanilla, Vice Chair Chong, and Committee Members:

I am Craig Hirai, the chair of the Subcommittee on Affordable Housing, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,500 members in Hawai'i. HAR **supports** H.B. 960, Relating to Low-Income Housing, which establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credits to be administered by the Hawaii Housing Finance and Development Corporation.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing such as the Rental Housing Trust Fund Program which can help integrate the use of mixed-income and mixed-use projects, special purpose revenue bonds, low-interest loans, block grants, low-income housing tax credit programs and deferred loan programs to provide rental housing opportunities.

HAR believes that it may be difficult for a qualified low-income building to sell State Low-Income Housing Credits at a reasonable price. The intent of H.B. 960 is to give owners of qualified low-income buildings an election to "monetize" the State Low-Income Housing Tax Credits in a manner similar to what the federal government has done with the "exchange program" for subawards under Sections 1602 and 1404 of the American Recovery and Reinvestment Tax Act of 2009. Like the federal election, this election would be in lieu of receiving State Low-Income Housing Tax Credits under HRS §235-110.8.

Because the State cannot afford to fund an up-front award like the federal government, and because the State cannot generally appropriate funds for a period as long as the 10-year credit period for the federal and Hawaii Low-Income Housing Tax Credits, H.B. 960 should use taxable general obligation bond proceeds in an amount equal to 70% of the present value of the annual State Low-Income Housing Tax Credits a qualified low-income building would currently receive under HRS §235-110.8 discounted at the rate of interest the State pays on the taxable general obligation bonds.

REALTOR® is a registered collective membership mark which may be used only by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.





The REALTOR® Building  
1136 12<sup>th</sup> Avenue, Suite 220  
Honolulu, Hawaii 96816

Phone: (808) 733-7060  
Fax: (808) 737-4977  
Neighbor Islands: (888) 737-9070  
Email: har@hawaii Realtors.com

---

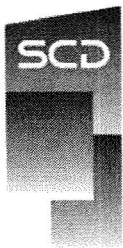
HAR believes that H.B. 960 is or can be made to be budget neutral. H.B. 960 could therefore help both the State and the property owner by setting a floor for a qualified low-income building's State Low-Income Housing Tax Credits, thus making it unnecessary to sell credits at an unreasonable discount.

Mahalo for the opportunity to testify.

REALTOR® is a registered collective membership mark which may be used only by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.







STANFORD CARR DEVELOPMENT, LLC

February 14, 2011

House Committee on Housing  
State Capitol, Hearing Conference Room 325  
415 South Beretania Street  
Honolulu, Hawaii 96813

RE: Testimony Supporting HB960: Relating To Low-Income Housing  
Hearing date Wednesday, February 16, 2011 at 8:30 a.m.  
via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/>

Dear Honorable Chair Representative Rida Cabanilla:

We are writing in **SUPPORT** of HB960 which establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credit allocations by the Hawaii Housing Finance and Development Corporation. By exchanging the state tax credit allocation for a deferred payment loan, we are more effectively using our existing resources to create affordable units without placing any additional financial burden on the State of Hawaii. More importantly, this bill would create jobs in the local economy and directly increase overall affordable housing production levels and have a positive economic impact to our community.

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', written in a cursive style.

Stanford S. Carr, President

A handwritten signature in black ink, appearing to read 'Jesse Wu', written in a cursive style.

Jesse Wu, Vice President | Special Projects





**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 <sup>1</sup>	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 <sup>1</sup>	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 <sup>1</sup>	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 <sup>1</sup>	Local Jobs Supported
\$6,029,200	\$1,840,300	\$4,189,000	\$776,500	94

<sup>1</sup> 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
<b>Total</b>	<b>\$36,106,300</b>	<b>\$10,398,500</b>	<b>\$25,707,500</b>	<b>\$53,000</b>	<b>485</b>

**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	<b>TOTAL FEES &amp; CHARGES</b>	<b>\$1,809,900</b>
<b>TOTAL TAXES</b>	<b>\$315,500</b>	<b>TOTAL GENERAL REVENUE</b>	<b>\$2,125,400</b>

**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
<b>Total</b>	<b>\$16,394,100</b>	<b>\$5,626,400</b>	<b>\$10,767,400</b>	<b>\$45,000</b>	<b>239</b>

**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	<b>TOTAL FEES &amp; CHARGES</b>	<b>\$578,700</b>
<b>TOTAL TAXES</b>	<b>\$478,000</b>	<b>TOTAL GENERAL REVENUE</b>	<b>\$1,056,700</b>

**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
<b>Total</b>	<b>\$6,029,200</b>	<b>\$1,840,300</b>	<b>\$4,189,000</b>	<b>\$44,000</b>	<b>94</b>

**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	<b>TOTAL FEES &amp; CHARGES</b>	<b>\$366,000</b>
<b>TOTAL TAXES</b>	<b>\$410,400</b>	<b>TOTAL GENERAL REVENUE</b>	<b>\$776,500</b>

NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR



STATE OF HAWAII  
DEPARTMENT OF TAXATION  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1530  
FAX NO: (808) 587-1584

FREDERICK D. PABLO  
INTERIM DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR  
DEPUTY DIRECTOR

## HOUSE COMMITTEE ON HOUSING

### TESTIMONY OF THE DEPARTMENT OF TAXATION REGARDING HB 960 RELATING TO LOW-INCOME HOUSING

\*\*\*WRITTEN TESTIMONY ONLY\*\*\*

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

**COMMITTEE:** HSG

**DATE:** FEBRUARY 16, 2011

**TIME:** 8:30AM

**POSITION:** DEFER TO HHFDC

---

This measure establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credits administered by the Hawaii Housing Finance and Development Corporation and authorizes the issuance of general obligation bonds to fund the loans.

The Department of Taxation **defers to the Hawaii Housing Finance and Development Corporation** on the merits of this legislation.

This legislation is not projected to impact general fund revenues because the grant program is in lieu of tax credits that would have otherwise been claimed.