

NEIL ABERCROMBIE  
GOVERNOR



KAREN SEDDON  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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IN REPLY REFER TO:

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

**SENATE COMMITTEE ON WATER, LAND AND HOUSING**

February 15, 2011 at 1:15 p.m.  
Room 225, State Capitol

In consideration of  
**S.B. 1241 RELATING TO CONVEYANCE TAX.**

The HHFDC **strongly supports** S.B. 1241, which is part of the Administration's legislative package. S.B. 1241 repeals the exemption from conveyance tax for the sale or transfer of land for low-income housing projects that have been certified by the HHFDC. The bill aligns with the New Day in Hawaii Recovery and Reinvestment Plan by ensuring that government programs are efficient and cost-effective, and that State revenues are preserved for other important State priorities.

The conveyance tax is paid by the property seller, not the purchaser -- the entity that will be developing the low-income housing project. There is no requirement for the seller to pass on any of the savings realized from the exemption to the low-income housing project. As 25 percent of conveyance tax revenues are deposited into the Rental Housing Trust Fund, we believe that this exemption should be repealed.

Thank you for the opportunity to testify.

NEIL ABERCROMBIE  
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## SENATE COMMITTEE ON WATER, LAND & HOUSING

### TESTIMONY OF THE DEPARTMENT OF TAXATION REGARDING SB 1241 RELATING TO CONVEYANCE TAX

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

**TESTIFIER:** FREDERICK D. PABLO, INTERIM DIRECTOR OF  
TAXATION (OR DESIGNEE)  
**COMMITTEE:** WLH  
**DATE:** FEBRUARY 15, 2011  
**TIME:** 1:15PM  
**POSITION:** DEFER TO HHFDC

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This measure repeals the conveyance tax exemption for low-income housing projects certified by the Hawaii housing finance and development corporation.

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

The estimated revenue impact is minimal.



CATHOLIC CHARITIES HAWAII

**TESTIMONY IN SUPPORT OF SB 1241: Relating to Conveyance Tax**

TO: Senator Donovan M. Dela Cruz, Chair, Senator Malama Solomon, Vice Chair, and Members, Committee on Water, Land, and Housing

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

**Hearing: Tuesday, 2/15/11; 1:15 p.m.; CR 225**

Chair Dela Cruz, Vice Chair Solomon, and Members of the Committee on Water, Land, and Housing:

Thank you for the opportunity to testify on SB 1241. 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 repeal the conveyance tax exemption for properties that are sold to any non-profit or for-profit organization that is certified by the state's Hawaii Housing Finance and Development Corporation (HHFDC) for low-income housing development. As we understand it, these sellers are selling properties at market prices. It is the buyers who are going to use the property to create or retain affordable rental housing units. The seller reaps any profit from the sale, just as if they had sold it to any other entity. This seems to be a loophole in the law. It would seem fair for the seller to pay the conveyance tax.

In these tough economic times, any additional funds going to the conveyance tax would also have a percentage allocated to create more affordable rental housing. The 25% of the conveyance tax that currently goes to the Rental Housing Trust Fund is a very important tool for the State to facilitate the development of affordable housing.

We urge you to support this bill. Thank you for the opportunity to testify on SB 1241.

