

SB 1166

SB1166

Measure Title: RELATING TO THE CONVEYANCE TAX.

Report Title: Watershed Protection and Invasive Species Control; Conveyance Tax

Description: Increases the Conveyance Tax on certain real estate transactions and directs an additional ten per cent of Conveyance Tax proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control.

Companion: [HB935](#)

Package: Gov

Current Referral: WTL/ENE, WAM

Introducer(s): KIM (Introduced by request of another party)

<u>Sort by Date</u>		Status Text
1/24/2013	S	Introduced.
1/24/2013	S	Passed First Reading.
1/24/2013	S	Referred to WTL/ENE, WAM.
2/1/2013	S	The committee(s) on WTL/ENE has scheduled a public hearing on 02-05-13 1:20PM in conference room 225.

S = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment
Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

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

**Before the Senate Committees on
WATER AND LAND
and
ENERGY AND ENVIRONMENT**

**Tuesday, February 5, 2013
1:20 PM
State Capitol, Conference Room 225**

**In consideration of
SENATE BILL 1166
RELATING TO THE CONVEYANCE TAX**

Senate Bill 1166 proposes to increase the conveyance tax on real estate transactions over \$2 million and directs an additional ten per cent of Conveyance Tax proceeds to the Natural Area Reserve Fund (NAR Fund) for watershed protection, maintenance and invasive species control. **The Department of Land and Natural Resources (Department) strongly supports this Administration bill.**

The proposed tax increase affects approximately 2% of total transactions, based on Fiscal Year 2012 data. This bill is predicted to generate approximately \$10.5 million more for the NAR Fund. This bill also is expected to provide an additional \$1.7 million per year for the Land Conservation Fund and an additional \$5.1 million per year for the Rental Housing Trust Fund. The projected \$17 million generated by the tax increase offsets the reduction in the General Fund's percentage.

The nexus is clear for use of a portion of the Conveyance Tax as the sale, development, and improvement of real estate in Hawaii puts additional pressure on water resources and increases the need and costs to protect water recharge areas. Fresh, clean water fuels sustainable development, tourism, and agriculture. Hawaii's water supply and economy depend on the health of mauka native forests, which capture and absorb rain and can increase groundwater supply by up to 50%. Currently, 13 states fund conservation with a portion of real estate transfer taxes.

Fortunately, there are practical cost-effective and long-term solutions to reverse the trend of forest degradation. The Department's Watershed Program supports public, private and federal partnerships to leverage state funds, which provide a diverse range of local jobs throughout the

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

ESTHER KIA'AINA
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

state. However, funding for these efforts has not been sufficient in the past, and forest losses and function are apparent.

The only dedicated funding source for watershed protection is the NAR Fund, which receives a percentage of the State Conveyance Tax from the sale of real property and utilized by various program areas to further watershed protection and maintenance. In Fiscal Year 2011, the watershed partnership program, which supports 11 partnerships state-wide, shared \$1.25 million, yet the five island-based committees that control invasive species and contribute to watershed initiative have no authorized dedicated funding whatsoever. In Fiscal Year 2012, the Legislature provided \$2.5 million in capital improvement project funding and directed \$2.5 million of special funding for the watershed initiative. The Department has used the NAR Fund to provide these special funds. Dedicated funding at the amount of \$11 million per year is needed to reach the Department's goal to double the level of protection in the next ten years.

This bill also provides a dedicated funding source for the control and eradication of harmful invasive species infestations throughout the state and for preventing the introduction of other invasive species that may be potentially harmful. Funding the Hawaii Invasive Species Council is critical for protecting watershed forests from invasive species threats both from mainland United States and neighboring countries that Hawaii does regular commercial trade with.

This measure implements the central natural resource stewardship goals of the Abercrombie Administration's *A New Day in Hawaii* plan. Funding supports the Department's *The Rain Follows the Forest* plan (available online at <http://Hawaii.gov/dlnr/rain>) to implement on-the-ground actions needed to stabilize Hawaii's water sources. Projects are ready in each county to begin reaching job creation and accomplishment targets. Funds would be allocated in a statewide competitive process to maximize effectiveness and accountability.

Over half of forests have already been lost to invasive species, causing extensive water loss across landscapes. Even a small percentage reduction in groundwater recharge can cost millions per year in increased pumping to transport water for human use. When groundwater levels decline to a point that they cannot be pumped, expensive alternative water sources are needed - long transport pipes, new wells, and even desalination plants. Clearly, our forests are enormous economic assets. Just as clearly, their degradation is ongoing and accelerating. The longer Hawai'i waits to take significant action to halt this destruction, the higher the costs will be to reverse the damage and ensure our future water supply for current and future generations.

In addition to increasing fresh water supplies, the protection of forests prevents erosion that muddies beaches, coral reefs, and fisheries. Forests reduce Hawaii's greenhouse gas emissions, and mitigate many damaging impacts from climate change. Protection and maintenance sustains the native plants and animals unique to our islands and sacred to the Hawaiian culture.

This Administration bill is a responsible measure to provide immediate action to ensure wide-ranging benefits essential to Hawaii's environmental and economic health for current and future generations.

THE TRUST *for* PUBLIC LAND

C O N S E R V I N G L A N D F O R P E O P L E

**THE TRUST FOR PUBLIC LAND'S TESTIMONY
IN SUPPORT OF SB 1166 RELATING TO THE CONVEYANCE TAX
Senate Committees on Water & Land and Energy & Environment
Tuesday, February 5, 2013, 1:20 p.m., Room 225**

The Trust for Public Land supports SB 1136 relating to the conveyance tax. This bill will increase real estate conveyance taxes on real estate sales over \$2 million, increase the Natural Area Reserve Fund's share of the fund to 35%, and increase the Affordable Housing Rental Trust Fund's share of the fund to 30%. The Legacy Land Conservation Fund's share of 10% would remain the same.

This bill will increase support for key government services that have been consistently underfunded, and tax those who can most afford to pay the additional tax. Although the Trust for Public Land may be forced to pay higher conveyance taxes in its real estate transactions, the services supported by this tax are invaluable -- the people of Hawai'i need clean drinking water and to get it, Hawai'i must properly manage and protect the forests and watersheds that produce our clean drinking water. We applaud the Legislature's support of the Governor's Rain Follows the Forest Initiative.

Although the Trust for Public Land supports this bill, I will not be able to appear in person to testify due to scheduling conflict.

Mahalo for this opportunity to testify -



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

February 5, 2013

The Honorable Malama Solomon, Chair

Senate Committee on Water and Land

The Honorable Mike Gabbard, Chair

Senate Committee on Energy and Environment

State Capitol, Room 225

Honolulu, Hawaii 96813

RE: S.B. 1166, Relating to Conveyance Tax

HEARING: Monday, January 28, 2013 at 9:00 a.m.

Aloha Chair Solomon, Chair Gabbard, and Members of the Joint Committees:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,000 members. HAR **strongly opposes** S.B. 1166 which increases the Conveyance Tax on certain real estate transactions.

As proposed, the Conveyance Tax increase will apply to the conveyance of multi-family rentals, land for residential subdivisions, mixed-income and multi-use properties, commercial properties, resort properties, and agricultural lands, as well as condominium and single-family homes. HAR believes that, while watershed protection may have value, the Conveyance Tax increases set forth in S.B. 1166 will again increase the already high cost of housing, living and doing business in Hawaii.

In 2005, the Conveyance Tax was increased on a tiered scale on 1) the sale of realty for all transfers or conveyance of realty or any interest (i.e. commercial, timeshare, agricultural, industrial, etc, and condominium or single family residence for which the purchaser is eligible for a county homeowner's exemption) and 2) the sale of a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption.

In 2009, the Legislature once again increased the Conveyance Tax on 1) the sale of realty from 30 cents per \$100 (.30%) for properties over \$1,000,000 to a maximum of \$1.00 (1%) per \$100 for properties over \$10,000,000 -- an increase of over 333%, and 2) the sale of a property ineligible for a county homeowner exemption from 30 cents per \$100 to \$1.25 per \$100 (1.25%) -- an increase of over 416.66%.

Section 2 of S.B. 1166 increases the Conveyance Tax by an additional:

1. 60% for properties valued at least \$2 million but less than \$4 million;
2. 57% for properties valued at least \$4 million but less than \$6 million;
3. 61% for properties valued at least \$6 million but less than \$10 million; and
4. 75% for properties valued at least \$10 million and greater.

For the sale of a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption, Conveyance Tax is increased by an additional:

1. 50% for properties valued at least \$2 million but less than \$4 million;
2. 47% for properties valued at least \$4 million but less than \$6 million;
3. 50% for properties valued at least \$6 million but less than \$10 million; and
4. 60% for properties valued at least \$10 million and greater.

The Conveyance Tax applies whether or not a property is sold at a gain or a loss and (as opposed to the Real Property Tax.) Please note also that the Conveyance Tax under S.B. 1166 has the effect of reducing the value of a \$10,000,001 commercial property, agricultural property, or a multi-family rental property to an owner by \$200,000 (the 2.00% Conveyance Tax on the sale of property ineligible for a county homeowner's exemption).

Mahalo for the opportunity to testify.



COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION
HAWAII CHAPTER

February 4, 2013

The Hon. Malama Solomon, Chair, and
Members of the Senate Committee on
Water and Land

The Hon. Mike Gabbard, Chair, and
Members of the Senate Committee on
Energy and the Environment

Re: Testimony in **Opposition** to S.B. No. 1166, Relating to the Conveyance Tax
Hearing Date and Time: 1:20 p.m., February 5, 2013
Conference Room 225, Hawaii State Capitol

Dear Chairs Solomon and Gabbard and Members of the Committees:

I am submitting this testimony on behalf of NAIOP Hawaii in **opposition** to S.B. No. 1166, relating to the conveyance tax. We are the Hawaii chapter of NAIOP, the Commercial Real Estate Development Association, which is the leading national organization for developers, owners and related professionals in office, industrial and mixed-use real estate. The local chapter comprises property owners, managers, developers, financial institutions and real estate related professionals who are involved in the areas of commercial and industrial real estate in the State of Hawaii.

NAIOP Hawaii has submitted testimony to the Legislature since the 1990s, voicing its concerns regarding the potential misuse of the conveyance tax. Unfortunately, the concerns voiced by NAIOP over the years have largely come to fruition, through dramatic increases in rates of the tax and diversion of tax revenues into areas unrelated to the conveyance tax.

The purpose of the conveyance tax was to cover the costs of running the Bureau of Conveyances. It was never intended to be a revenue-generating tax. However, over time various non-conveyance uses for the conveyance tax revenue have been proposed and implemented by the Legislature. While these causes might be worthy, they were never intended to be supported by the conveyance tax.

The rates of the tax have also been increased dramatically in the past several years. At this point it has become a punitive surtax on many real estate transactions. It is no longer a conveyance tax but a type of capital gains tax surcharge. However, it is more onerous than a true capital gains tax, because not just the gain on the transfer is taxed, but instead the entire face value of the transaction. Indeed, even if the conveyance is at a loss, the tax is imposed. And it is a hidden tax, because it only shows up as an expense line item on a closing statement.

We believe the continuing misuse of this tax is harmful to the economy and reinforces the perception of Hawaii as a high-tax jurisdiction which is to be avoided for investment and business purposes.

The Hon. Malama Solomon and Mike Gabbard, and Members of the Senate Committees on
Water and Land and Energy and the Environment
February 4, 2013
Page 2

Thank you for the opportunity to testify on this measure. We would urge that it be held in
committee.

Respectfully,



James K. Mee
Chair, Legislative Affairs Committee



David Derauf, M.D.
 Marc Fleischaker, Esq.
 Naomi C. Fujimoto, Esq.
 Patrick Gardner, Esq.
 Francis T. O'Brien, Esq.
 David J. Reber, Esq.

Victor Geminiani, Esq.

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
 Supporting and Commenting on SB 1166 Relating to Public Housing
 Senate Committee on Water and Land; Senate Committee on Energy and Environment
 Scheduled for Hearing on Tuesday, February 5, 2013, 1:20 PM, Room 225

Thank you for an opportunity to testify on SB 1166, which would increase the conveyance tax on certain transactions and direct an additional ten percent of the proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control.

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

In addition to increasing funds for watershed and invasive species initiatives, we respectfully encourage the committees to increase the percent of conveyance tax revenues dedicated to the Rental Housing Trust Fund.

Hawai'i faces a severe shortage of affordable housing:

- More than 75 percent of poor households are paying more than half their income in housing costs.
- Among the states, Hawai'i has the third highest rate of homelessness.
- In the next four years, Hawai'i will need 13,000 more rental units to meet the need for affordable rentals.

The Rental Housing Trust Fund is a major tool for the creation of affordable housing with a long record of success. The Fund may be used to provide loans for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of affordable rental housing units.

- As of June 2012, 4,250 rental units have been created or are in development thanks to the assistance of the Rental Housing Trust Fund and other leveraged funding.
- The public-private partnerships created by the fund help develop long broader, long-term strategies to address our affordable housing needs.
- However, the Fund is not able to fund many qualified projects due to lack of funds. It received \$37 million in project requests in FY 2012 alone, but was only able to commit \$20.7 for four of the nine projects submitting requests. Many projects are ready to be developed and only waiting on funding.
- The conveyance tax is the only dedicated source of funding for this program, and the amount allocated has been dramatically reduced over the last six years, from 50 percent in 2006 to 30 percent.

We completely agree that the environmental initiatives proposed in this bill are crucial to preserving Hawai'i's environmental and natural resources and support the proposed increases. But we also emphasize that the lack of affordable housing and resulting rates of homelessness form a social crisis that requires immediate action. Because this bill increases the conveyance tax on properties valued at over \$2 million, the general fund tax will result in greater overall revenues that can fund both environmental and affordable housing efforts, making both allocations financially feasible.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

"Building Better Communities"

2013 Officers

President

Greg Thielen
Complete Construction Services Corp.

President-Elect

Brian Adachi
BKA Builders, Inc.

Vice President

Sunny Walsh
Hunt Building Company, Ltd.

Treasurer

Guy J. Shindo
First Hawaiian Bank

Secretary

Richard Hobson, Jr.
Gentry Homes, Ltd.

Special Appointee-Builder

Paul D. Silen
Hawaiian Dredging Construction Co., Inc.

Special Appointee-Associate

Craig Washofsky
Servco Home & Appliance Distribution

Immediate Past President

Dean I. Asahina
Universal Construction, Inc.

Chief Executive Officer

Karen T. Nakamura
BIA-Hawaii

2013 Directors

Anthony Borge

RMA Sales

Clifton Crawford

C&J Contracting, Inc.

David S. Chang

Chang Holding Company

Dean Uchida

SSFM International, Inc.

Evan Fujimoto

Graham Builders, Inc.

Gary T. Okimoto

Honolulu Wood Treating

Mark Kennedy

HASEKO Construction Kamakana, LLC

Marshall Hickox

Homeworks Construction, Inc.

Michael Watanabe

JW, Inc.

Ryan Engle

Bays Lung Rose & Holma

Scotty Anderson

Pacific Rim Partners

W. Bruce Barrett

Castle & Cooke Homes Hawaii, Inc.

Testimony to the Senate Committees on Water and Land and Energy and Environment

Tuesday, February 5, 2013

1:20 p.m.

State Capitol - Conference Room 225

RE: S.B. 1166, RELATING TO THE CONVEYANCE TAX

Dear Chairs Solomon and Gabbard, Vice-Chairs Shimabukuro and Ruderman, and members of the committees:

My name is Gladys Marrone, Director of Government Relations for the Building Industry Association of Hawaii (BIA-Hawaii), the voice of the construction industry. BIA-Hawaii promotes its members through advocacy and education, and provides community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization, chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-Hawaii is **opposed** to S.B. 1166, which proposes to amend Chapter 247, HRS, by increasing the conveyance tax on certain real estate transactions and directs an additional ten per cent of conveyance tax proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control.

The bill states that the legislature also finds that the nexus is clear to use a portion of the conveyance tax for watershed protection. The development, sale, and improvement of real estate in Hawaii puts additional pressure on watersheds, Hawaii's water resources, and watershed recharge areas. Protecting watersheds benefits Hawaii's economy, environment, and quality of life. While watershed protection is one of many authorized beneficiaries of the natural area reserve fund, additional funding is needed to restore Hawaii's watershed health and function and control invasive species.

We fully support the need for natural resource management programs in Hawaii. However, we are deeply troubled by the manner in which the conveyance tax is being used to fund these public benefit programs. There is no rational nexus between the real estate transactions that are being taxed *at conveyance*, and the uses identified in Chapter 247, HRS, as the beneficiaries of the tax. It appears that the legislation is targeting any real estate transactions to fund programs that benefit all Hawaii residents.

The conveyance tax was created to cover the administrative costs of recording the real estate transactions, such as those performed by the Bureau of Conveyance. With the recent amendments to the statutes, the conveyance tax is deposited into the general fund with the following allocations:

1. Ten per cent shall be paid into the land conservation fund established pursuant to section 173A-5;
2. Twenty-five per cent from July 1, 2009, until June 30, 2012, and thirty per cent in each fiscal year thereafter shall be paid into the rental housing trust fund established by section 201H-202; and
3. Twenty per cent from July 1, 2009, until June 30, 2012, and twenty-five per cent in each fiscal year thereafter shall be paid into the natural area reserve fund established by section 195-9; provided that the funds paid into the natural area reserve fund shall be annually disbursed by the department of land and natural resources in the following priority:
 - a. To natural area partnership and forest stewardship programs after joint consultation with the forest stewardship committee and the natural area reserves system commission;
 - b. Projects undertaken in accordance with watershed management plans pursuant to section 171-58 or watershed management plans negotiated with private landowners, and management of the natural area reserves system pursuant to section 195-3; and
 - c. The youth conservation corps established under chapter 193.

We do not believe that the conveyance tax is being used in an appropriate manner. The proposed bill only exacerbates the current problem. We suggest that these beneficiaries be funded from other means more closely related to their purposes.

For the foregoing reasons, BIA-Hawaii stands **opposed** to S.B. 1166.

Thank you for the opportunity to express our views on this matter.



The Senate
Committee on Water and Land
Committee on Energy and Environment
February 5, 2013
1:20 p.m., Conference Room 225
State Capitol

Testimony in Support of SB 1166

Aloha Chairs Solomon and Gabbard, and Members of the Committees,

The Coordinating Group on Alien Pest Species (CGAPS) **supports SB 1166**, *Relating to the Conveyance Tax*, which would provide critical funding for watershed protection and formally specifies invasive species control as fundable programs.

With more people and more industry, demand for fresh water is growing. At the same time, the exponential spread of water-wasting invasive species like strawberry guava and changing climate patterns threaten the ability of forests to deliver fresh water. Funding to increase protection for priority watersheds by fencing, ungulate and invasive plant removal is key. As high a priority is the long-term invasive species control work that is provided by biocontrol, and the early detection/rapid response work done by the Invasive Species Committees and other groups.

We must recognize that the threats to, and demands on our watershed forests are greater than ever, and will continue to increase. Passage of SB 1166 would help provide the funding necessary for the hard work that must be done. Mahalo for your consideration.

Aloha,

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

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: cochonlibre@gmail.com
Subject: Submitted testimony for SB1166 on Feb 5, 2013 13:20PM
Date: Friday, February 01, 2013 4:21:33 PM

SB1166

Submitted on: 2/1/2013

Testimony for WTL/ENE on Feb 5, 2013 13:20PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Cathy Goeggel	Animal Rights Hawai'i	Oppose	No

Comments: Animal Rights Hawai'i opposes any use of tax dollars to cruelly exterminate so called "invasive, alien " species.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT, with AMENDMENTS, OF SB 1166: RELATING TO THE CONVEYANCE TAX

TO: Senator Malama Solomon, Chair, Committee on Water and Land; and Senator Mike Gabbard, Chair, Committee on Energy and Environment; and Members, Committees on Water and Land, Energy and Environment

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

Hearing: Tuesday, 2/5/13; 1:20 pm; CR 225

Chair Solomon, Chair Gabbard, and Members, Committees on Water and Land, and Energy and Environment:

Thank you for the opportunity to testify on SB 302, which would increase the conveyance tax and direct an additional ten percent to the Natural Area Reserve Fund for watershed protection and invasive species control. I am Betty Lou Larson, Legislative Liaison for Catholic Charities Hawaii. Catholic Charities strongly supports this bill since it would provide additional funding for important environmental issues.

Amendment (page 7, line 7): Catholic Charities Hawaii urges you to increase the percentage of the conveyance tax to the Rental Housing Trust Fund to 50%. The purpose section of the bill (page 3, lines 17-19) may also need amendment to include “and affordable housing”. The Rental Housing Trust Fund has a proven record of creating affordable rental units. It establishes public-private partnerships that leverage resources to add more affordable units to Hawaii’s housing stock. As of June 30, 2012, **4,250 rental units** have been created or are underway with the assistance of the RHTF and other leveraged funding. The RHTF has many more applications than can be funded with the current funds. In FY 2012, the Trust Fund received \$37 million in project requests but was only able to commit \$20.7 million for 4 out of the 9 projects due to limited resources. Through its competitive process, the Hawaii Housing Finance and Development Corporation can assist affordable housing projects on all islands.

In 2006, the Legislature increased the percentage of the conveyance tax allocated to the Rental Housing Trust Fund to 50% of the tax proceeds. However, with the economic crisis of the past few years the amount to the Trust Fund has been dramatically decreased. It dropped to 30 percent in 2008, with the amount set at 25 percent from 2009-2012. As of July 1, 2012, the allocation was reset to 30% of the conveyance tax. 30% of this tax is projected to yield about \$12 million for FY 13. This will not achieve the production of the 13,000 affordable rental units that are needed in the state. More funding is required for the RHTF to have a greater impact on the affordable housing crisis in our state.

We urge your support of this bill and the 50% to the Trust Fund to both protect Hawaii’s watersheds and control invasive species and to provide a legacy of affordable housing.



From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: cbrosius@yahoo.com
Subject: Submitted testimony for SB1166 on Feb 5, 2013 13:20PM
Date: Monday, February 04, 2013 2:11:01 PM

SB1166

Submitted on: 2/4/2013

Testimony for WTL/ENE on Feb 5, 2013 13:20PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Chris Brosius	Individual	Support	No

Comments: We must meet the needs of resource managers to protect forested watersheds and help secure our water resources. This bill will provide much needed funding to meet this goal. Without additional funding our forests and water resources will degrade and become less reliable.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB1166 on Feb 5, 2013 13:20PM*
Date: Friday, February 01, 2013 1:51:27 PM

SB1166

Submitted on: 2/1/2013

Testimony for WTL/ENE on Feb 5, 2013 13:20PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Support SB 1166

I am strongly in support of SB 1166, which increases the conveyance tax on high-end real estate transactions and directs an additional ten percent of conveyance tax proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control. Invasive species are one of the most significant threats to our watersheds, native species, habitats, cultural areas, recreation areas, and agricultural lands.

Raising the conveyance tax on high-end properties will not interfere with transactions. Buyers rarely take into consideration the conveyance in their decision to purchase property. Most focus on interest rates for loans and mortgages, and the conveyance tax is almost always included in the mortgage over many years anyway. There would be negligible impact to sellers and buyers.

The positive impacts of this bill are significant. Currently, only ten percent of our watersheds in Hawai'i are protected and managed. SB 1166 will help increase that amount and secure precious water resources for future generations. At the same time, native species and ecosystems, cultural resources, and the Rental Housing Trust Fund will also benefit from this bill.

Please pass SB 1166. Mahalo nui loa for the opportunity to testify.

Julie Leialoha
P.O. Box 1792
Keaau, HI 96749

SB1166 COMMENTARY

I am an R.N. and have lived on the windward side most of my long life. My mother was the marine biologist at Coconut Island. My father was the Dr. who started the Medical Group in Kailua. My parents always said we "MUST NOT FOUL OUR NEST". Lately we seem to be fast tracking just that. We need our forests to counter global warming, filter and store rain, keep our oceans clean, and provide habitat for endangered species, as well as provide wild places for people. Eco tourism is the fastest growing type of travel there is. No one (including myself) wants to recreate in polluted ocean water! Tourism is our greatest Asset, and I think we should start asking the tourists why they come here. I know the answer will be because of our natural environment. Please vote for SB1166.

Thank you, Laura Gray



CONSERVATION COUNCIL FOR HAWAI'I

Testimony Submitted to the House Committee on Water and Land
Hearing: Tuesday, February 5, 2013 1:20 pm
Room 225

In Support of SB 1166 Relating to the Conveyance Tax

Aloha. The Conservation Council for Hawai'i strongly supports SB 1166, which increases the conveyance tax on high-end real estate transactions and directs an additional ten percent of conveyance tax proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control. Invasive species are one of the most significant threats to our watersheds, native species, habitats, cultural areas, recreation areas, and agricultural lands.

Raising the conveyance tax on high-end properties will not interfere with transactions. The conveyance tax is levied against the seller, who usually passes it on to the buyer. Most buyers never include the conveyance tax in their decision to purchase property; instead, they are looking at interest rates for loans and mortgages, and the tax is usually folded into the mortgage over many years anyway.

While the effect of SB 1166 on real estate transactions will be negligible, the positive impacts of the bill are significant. Currently, only ten percent of our watersheds in Hawai'i are protected and managed. HB 935 will help increase that amount and secure precious water resources for future generations. At the same time, native species and ecosystems, cultural resources, and the Rental Housing Trust Fund will also benefit from this bill.

Please pass SB 1166 Mahalo nui loa for the opportunity to testify.

Sincerely,

Marjorie Ziegler

Attachment: Important Reasons to Protect Our Native Forests and Watersheds Now



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 220 • Honolulu, HI 96814

President: Hannah Springer * Vice-President: Julie Leialoha * Treasurer: Bianca Isaki * Secretary: Wayne Tanaka

Directors: Rick Barboza * Lida Pigott Burney * Maka'ala Ka'auomoana * Koalani Kaulukukui * Robin Kaye

Executive Director: Marjorie Ziegler

Conservation Council for Hawai'i
Attachment to Testimony in Support of SB 1166 Relating to the Conveyance Tax

Important Reasons to Protect Our Native Forests and Watersheds Now

- ✚ A 1999 study by the University of Hawai'i estimated the value of the Ko'olau Mountain forests and watersheds - one of 12 major watershed areas in the state - between \$7.4 and \$14 billion.
- ✚ In recent years, enormous amounts have been invested in the development and sale of real estate, and continued investment in development and construction is helping to lift our economy out of recession. Yet, we make a comparatively tiny investment in protecting the natural resources that also drive our economy and provide benefits that allow us to survive in the middle of the vast Pacific.
- ✚ The development and sale of real estate helps drive Hawaii's economy, but it also puts pressure on our natural resources. It makes sense to spend a portion of conveyance tax revenue on protecting those natural resources.
- ✚ The Rain Follows the Forest initiative is working to ensure fresh water is available for the people of Hawai'i in perpetuity by protecting our watershed forests, a central goal of *A New Day in Hawai'i* plan.
- ✚ The conveyance tax bill would support this watershed protection through essential forest management programs, invasive species control, land acquisition, and other conservation programs.
- ✚ More than half of Hawai'i's forests have been lost. Historically, the threat was overharvesting and development. Today's threat is invasive plants and animals.
- ✚ When forests are lost or degraded, Hawai'i loses its source of fresh water. The longer we wait to take significant action, the higher the cost will be to reverse the damage, thereby threatening water supplies for future generations.
- ✚ Healthy forests will become even more critical as we experience the likely effects of climate change, including more severe storms but overall less rainfall, and temperature changes that may benefit invasive pests.
- ✚ Healthy forests that are not overrun by invasive species efficiently capture and deliver fresh water into streams and aquifers for our use.
- ✚ By pulling moisture from passing clouds, forests can actually increase water capture up to 50% more than through rainfall alone.
- ✚ Forests also help mitigate erosion and runoff into our precious streams and coastlines.

Testimony of The Nature Conservancy of Hawai'i
Supporting S.B. 1166 Relating to the Conveyance Tax
Senate Committee on Water and Land
Senate Committee on Energy and Environment
Tuesday, February 5, 2013, 1:20PM, Room 225

The Nature Conservancy of Hawai'i is a private non-profit conservation organization dedicated to the preservation of the lands and waters upon which life in these islands depends. The Conservancy has helped to protect nearly 200,000 acres of natural lands 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 of Hawai'i strongly supports S.B. 1166 and its purpose to generate additional funding to protect Hawaii's forested watersheds and to control invasive species. We would also support increased funding in this measure to help meet the state's critical affordable rental housing needs via the State Rental Housing Trust Fund.

Under HRS §247-7, a portion of conveyance tax revenue has been appropriately used for land preservation and forested watershed conservation via the Land Conservation Fund and the Natural Area Reserve Fund, respectively. 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 capture rain and cloud moisture and deliver it efficiently to aquifers and surface sources for subsequent consumption in our daily lives.

The development and sale of real estate helps drive Hawaii's economy, but it also puts pressure on our natural resources like fresh water resources. It makes sense to spend a portion of conveyance tax revenue on protecting those natural resources. Over the years, enormous amounts have been invested in the development and sale of real estate in Hawai'i, and continued investment real estate sales and development is helping to lift our economy out of recession. Yet, we make a comparatively tiny investment in protecting the natural resources that also drive our economy and provide benefits that allow us to survive in the middle of the vast Pacific.

Furthermore, climate change is an imminent and unprecedented threat to natural systems (e.g., forests, coastlines, coral reefs, wetlands) and to every person in Hawai'i that—whether they know it or not—depends on services from the natural environment for their livelihoods, health and welfare. Even if we drastically reduce CO2 emissions now, we will still feel the effects of climate change. In Hawai'i, science indicates that this will likely include:

- More frequent and more severe storms, and increased runoff and siltation;
- Overall, less rainfall and therefore less fresh water;
- Higher temperatures that affect forest health, while being beneficial to invasive species;
- Sea level rise and high waves that will harm coastal areas and groundwater systems;
- Ocean acidification that will inhibit the growth of protective coral reefs.

We must plan and implement mitigative and adaptive measures to ensure the resilience of our natural and human systems. One of the most effective tools we have to help address the effects of climate change in Hawai'i is to protect our forests. Healthy and diverse Hawaiian forests that are not degraded by invasive pests act like a sponge, collecting rain and moisture from passing clouds, slowly delivering fresh water into streams and aquifers, absorbing greenhouse gases, and reducing runoff and siltation into streams and onto coral reefs during storm events.

This bill is a wise investment in our future. We urge your support.

BOARD OF TRUSTEES

S. Haunani Apoliona Alan H. Arizumi Christopher J. Benjamin Anne S. Carter Richard A. Cooke III Peter H. Ehrman Kenton T. Eldridge
Thomas M. Gottlieb James J.C. Haynes III Mark L. Johnson Dr. Kenneth Y. Kaneshiro Eiichiro Kuwana Duncan MacNaughton
Bonnie P. McCloskey Wayne K. Minami James C. Polk H. Monty Richards Chet A. Richardson Jean E. Rolles Scott C. Rolles
Crystal K. Rose Dustin E. Sellers Dustin M. Shindo Nathan E. Smith James Wei Eric K. Yeaman

Chair: Kenton T. Eldridge *Chair Emeriti:* Samuel A. Cooke (co-founder; chair 1980-1991), Herbert C. Cornuelle (co-founder), Bill D. Mills (1991-1995), Jeffrey N. Watanabe (1995-2004), David C. Cole (2004-2008), Duncan MacNaughton (2008-2011)

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: mikagawa@hawaii.rr.com
Subject: Submitted testimony for SB1166 on Feb 5, 2013 13:20PM
Date: Friday, February 01, 2013 2:04:16 PM

SB1166

Submitted on: 2/1/2013

Testimony for WTL/ENE on Feb 5, 2013 13:20PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Mary Ikagawa	Individual	Support	No

Comments: Forests that are as heavily altered by invasive species as Hawaii's are not self-sustaining. We have done a great deal of damage that must be repaired. The least expensive way to secure our natural resources for our children is to protect what is left and restore what we can. It won't be cheap but the cost only rises with delay.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: nanihawaii@aol.com
Subject: Submitted testimony for SB1166 on Feb 5, 2013 13:20PM
Date: Sunday, February 03, 2013 1:41:49 PM

SB1166

Submitted on: 2/3/2013

Testimony for WTL/ENE on Feb 5, 2013 13:20PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
nani pogline	Individual	Oppose	No

Comments: This tax would be passed on to an economy that is already stressed. All vegetation absorbs carbon and cools. The use of bio-control and herbicide defoliates, leaving large forest areas bare. Return of a native forest with its benefits will not be immediate. Cultural values include hunting and wild game animals. These are also natural resources valued by many, as reflected in the big island vote for a hunting commission. Stewardship should include the protection and respectful management of wild game resources.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Noelie Rodriguez, Ph.D.
P.O. Box 5
Ninole, HI 96773

Feb. 3, 2013

Testimony in favor of SB1166

Dear Sen. Solomon, Sen. Gabbard, and Committee Members:

I am writing to support SB1166. Hawai'i's forests are the key to our supplies of fresh water. It's easy to take these forests for granted. They do their work and we reap the benefits. But our forests face a myriad of threats. They need our help, primarily in the form of active management to protect them from invasive plants and animals.

SB1166 would add a small amount to the conveyance tax, and only to large transactions, and dedicate a greater portion of the conveyance tax to the protection of Hawai'i's watersheds. This is a modest but critical investment in our future, and in our natural resources.

Please pass this important bill.

Sincerely,

Noelie Rodriguez

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: pmenter@mhkhawaii.org
Subject: Submitted testimony for SB1166 on Feb 5, 2013 13:20PM
Date: Monday, February 04, 2013 2:44:58 PM

SB1166

Submitted on: 2/4/2013

Testimony for WTL/ENE on Feb 5, 2013 13:20PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Pamela Menter	Individual	Support	No

Comments: Support amending conveyance tax as follows: increase the allocation to the Rental Housing Trust Fund to 50% of the conveyance tax. Also support increasing allocation to 35% for Natural Areas Reserve Fund.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

February 3, 2013

To: Senators Mike Gabbard, Chair and Russell Ruderman Vice Chair,
Committee on Energy and Environment
Senators Malama Solomon, Chair and, Maile Shimabukuro, Vice Chair
Committee on Water Land and Housing

From: Patrick Conant

Regarding: Testimony supporting SB 2782

I am very much in support of this much needed measure. We all take for granted that when we turn on the tap, we will get good clean drinking water, for whatever use we need. But do we all really understand where it comes from and where it starts? Unless you spend time in watershed forests and have a basic understanding of what makes clouds form on our mountains and where that rain goes to end up in our water pipes, you need to understand that resource to protect it. The early Hawaiians understood how the "forest catches the clouds". The deforestation of the South slope of Haleakala and Kahoolawe has reduced those areas to deeply eroded barren lands. Those former forests used to catch the clouds. Wild ungulates are much to blame at both sites (and bombing on Kahoolawe did not help). This same scenario continues to play out on different scales on all the islands (except that Kahoolawe is now ungulate-free) including Niihau. It is just harder to discern on the larger, greener islands.

It has been said that those that ignore history are doomed to repeat it. At the turn of the 19th century, large scale fencing of our Forest Reserves was accomplished and thousands of wild goats, cattle and sheep were shot to protect watersheds for sugar cane cultivation in particular. Our predecessors were partly motivated by profit, but at least they recognized that the forests were under siege and needed protection. So here we are about 100 years later and we should ask ourselves if we have maintained that forest/watershed protection over that time. In small fenced areas we have, thanks to efforts by the Division of Forestry and Wildlife, the Watershed Partnership Programs and NGO's like The Nature Conservancy, Maui Land and Pineapple, Kamehameha Schools, Ulupalakua and Haleakala Ranches and others. But on the whole we have not done nearly enough. Our forests are not only under siege by newer alien weeds, but also newer wild game ungulates: deer and mouflon. If we don't support serious control of these aliens, we won't have the water to support our growing population. It takes money, and that is what this Bill is about. The funds are needed to get those alien weeds and fence wild ungulates out of our mauka native forests.

Research by faculty of the UH Manoa Geography Department on the hydrology of native forest vs. alien plant dominated forest (strawberry guava) has shown that the guava takes 27% more water out of the ground than the native forest. And that is just one species of weed that has been studied. Our forests are becoming choked with Miconia, fiddle wood, Himalayan kahili ginger, faya tree, "Albizzia", Australian tree fern and many more. Sheep, goats, deer and mouflon are causing erosion on all islands they occur on (except deer on the Big Island have only just been found and must be removed ASAP).

Global warming is predicted to make droughts in Hawaii more frequent. Ranching and horticulture in drier parts of the State is already difficult. Our water comes from watersheds, plain and simple. No watershed protection= less water for agriculture, domestic use, industry, hotels etc. Using a part of the conveyance tax for watershed protection makes sense, since more development means water is needed. Please support this critically important Bill.

Testimony Submitted to the House Committee on Water and Land

Hearing: Monday, January 28, 2013 9 am

Room 325

In Support of SB 1166 Relating to the Conveyance Tax

Senators:

I urge you very strongly to pass this measure and with the full amount of revenue stream requested. The quality and quantity of watershed vegetation all over the Islands is what allows the quality of life that we enjoy to be sustained. Our demands for the primary product of these watersheds, a reliable, moderated and bountiful supply of clean fresh water, continues to grow, along with our population and economic uses. Over a century ago the economic and legislative drivers of Islands believed in this connection enough to put in place the infrastructure needed to sustain the watersheds. Like any infrastructure, it needs maintenance. Despite the growing demands, we have deferred the level of maintenance needed for too long, especially in the area of control and exclusion of damaging introduced organisms. Those insightful people who initiated the network and processes of watershed protection also realized that water originating in both public and private lands is comingled and is withdrawn by both public and private users away from the source areas. Consequently, the protections extended to both ownerships of watershed lands. This bill addresses the maintenance needs of both, and while not the final answer, it is an essential step to address the cumulative backlog on some of the most essential watershed areas.

Thank you,

Rick Warshauer, Volcano