



PARTNERS IN CARE

Oahu's Coalition of Homeless Providers

LATE

TESTIMONY IN SUPPORT OF HB 680 SD1: RELATING TO TAXATION

TO: Senator David Y. Ige, Chair; Senator Michelle N. Kidani, Vice Chair, and Members, Committee on Ways and Means

FROM: Gladys Peraro, Partners In Care Co-Advocacy Chair

Hearing: Wednesday, 3/20/13; 10:00 am; Conference Room 211

Chair Ige, Vice Chair Kidani, and Members, Committee on Ways and Means:

Thank you on behalf of Partners In Care (PIC), for the opportunity to provide testimony in support HB 680 SD1, regarding applying the conveyance tax to the sale, transfer or exchange of stock, whose assets include realty located in Hawaii. I am Gladys L. Peraro, Advocacy Committee Co-Chair for Partners In Care, the coalition care providers focused on the needs of homeless persons and strategies to end homelessness.

When a house or a business is sold, the conveyance tax is paid, yet when the island of Lanai was sold, no conveyance tax was paid. HB 680 SD1 will close a loophole in the conveyance tax law as well as provide additional critical funding for state needs that cannot be sustained otherwise, such as affordable housing, land preservation and watershed protection which receive appropriations from the conveyance tax proceeds.

Additionally, in order for the State of Hawaii to make an impact on homelessness **and** the rental housing crisis, critical resources are needed, such as the funding that Partners In Care seeks via the percentage of the conveyance tax allocated to the Rental Housing Trust Funds be increased to 50%. Section 247-7 of the law, Disposition of taxes: change: (Thirty percent) to **Fifty percent** shall be paid into the rental housing trust fund established by section 201H-202.

Partners In Care partner agencies receive countless calls each month from families in need of affordable housing opportunities, which cannot be realized without the funding that HB 680 SD1 provides. Hawaii ranks third among the states for the rate of homelessness and the Hawaii Housing Planning Study of 2011 found that an estimated 13,000 rental units need to be built by 2016 in order to meet a portion of the estimated need. In order to build 13,000 affordable units, additional resources are required for the Rental Housing Trust Fund, which receives conveyance tax proceeds. The Trust Fund has created **4,250 rental units**. **In FY 12, it received \$37 million in project requests, yet was only able to commit funds to four out of the nine project applications due to limited resources.** Additional resources would result in projects being immediately funded to move ahead in construction of these much needed units for families, the elderly, and residents of Hawaii who desperately need affordable rental opportunities.

Partners In Care respectfully urges your support to close this tax loophole and tax the value of the real estate, as well as to increase the allocation to the Rental Housing Trust Fund to 50% of the conveyance tax. Thank you for consideration of HB 680 SD1 and its impact on housing and land protection in Hawaii.

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Partners in Care is a membership organization of homeless service providers, other service professionals, units of local and state government, homeless consumers, and other community representatives located in Hawai'i on O'ahu. It is a planning, coordinating, and advocacy body that develops recommendations for programs and services to fill gaps in the Continuum of Care on O'ahu.