

STAND. COM. REP. NO.

1119

Honolulu, Hawaii

MAR 27 2015

RE: H.B. No. 1469
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committees on Water and Land and Human Services and Housing, to which was referred H.B. No. 1469, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO DISPOSITION OF TAX REVENUES,"

beg leave to report as follows:

The purpose and intent of this measure is to set caps on the amount of conveyance tax revenues that are allocated to the land conservation fund, rental housing trust fund, and natural area reserve fund, with the remaining revenues to be retained in the general fund.

Your Committees received testimony in support of this measure from Hawai'i Association of REALTORS. Your Committees received testimony in opposition to this measure from the Department of Land and Natural Resources; Hawaii Housing Finance and Development Corporation; Partners in Care; Faith Action for Community Equity; The Nature Conservancy of Hawai'i; Office for Social Ministry; Catholic Charities Hawai'i; and Protecting Hawaii's Ohana, Children, Under Served, Elderly and Disabled (PHOCUSED). Your Committees received comments on this measure from the Tax Foundation of Hawaii and Hawai'i Appleseed Center for Law and Economic Justice.

Your Committees find that the majority of testimony received on this measure was in opposition.



Your Committees further find that the Rental Housing Trust Fund (RHTF) has been instrumental in the statewide delivery of rental housing for lower income households. Since the inception of the program, deposits into the RHTF from conveyance tax revenues have totaled \$277 million. During that period, as a result of interest earned and loan repayments, funding awards of \$295 million were made for sixty-four rental projects totaling 5,205 units.

Your Committees further find that the Natural Area Reserve Fund (NARF) supports a comprehensive suite of conservation programs, including the Natural Area Partnership and Forest Stewardship Programs; Natural Area Reserves Program; Watershed Partnerships Program; and Youth Conservation Corps. These programs protect Hawaii's invaluable ecosystems and forested watersheds. The Legislature has wisely provided NARF funding for watershed protection and other natural resource conservation programs since 1991 as the development, sale, and improvement of real estate in Hawaii adds additional pressure on natural areas, coastal access, agricultural production, and Hawaii's water resources and watershed discharge areas.

Your Committees further find that the Land Conservation Fund serves as a source of grant funding for the protection of rare or important natural, cultural, agricultural, and recreational resources through acquisition of fee and conservation easement interests in land. This is accomplished by providing grants to nonprofit land conservation organizations, state agencies, and counties for the acquisition of interests or rights in land having value as a resource to the State, in either fee title or through the establishment of permanent conservation easements.

Your Committees further find that as development increases, the threat of fires spreading from developed areas into wilderness areas and vice versa is increased. The rate of large wildfires in Hawaii is steadily increasing, and these fires often originate in urban areas. Development also increases infrastructure exposure to natural disasters and the need for emergency response. Climate change and expanded development will increase the vulnerability to natural disasters and require increased emergency response capacity. Therefore, your Committees find that amendments to this measure are necessary to add an allowable use of conveyance tax revenue for wildfire prevention, control, and emergency response, and further find that there is a nexus between conveyance tax and wildfire prevention, control, and emergency response.



Your Committees acknowledge that the State must prudently manage its finances in times of slow economic growth, balancing the need to retain funds for general uses in financing government against the need to expend tax revenue for certain purposes. Thus, as proposed by testimony from a number of agencies, your Committees find that placing a sunset date on the caps for all three allocations of conveyance tax revenues proposed by this measure will allow the impacts of these caps to be evaluated.

Your Committees have amended this measure by:

- (1) Amending the distribution of conveyance tax revenue as follows:
 - (A) Capping at \$7,600,000 or ten percent, whichever is less, the distribution into the land conservation fund, with any difference between the ten percent and \$7,600,000 to be transferred to the native resources and fire protection program to be expended for wildfire prevention, control, and emergency response; and
 - (B) Capping at \$19,000,000 or twenty-five per cent, whichever is less, the distribution into the natural area reserve fund, with any difference between the twenty-five percent and \$19,000,000 to be transferred to the native resources and fire protection program to be expended for wildfire prevention, control, and emergency response;
- (2) Inserting a repeal date of June 30, 2017, thereby making the caps for all three allocations of conveyance tax revenues proposed by this measure effective for two fiscal years only; and
- (3) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Water and Land and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1469, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form

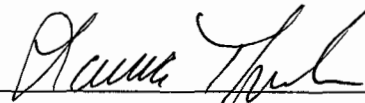


attached hereto as H.B. No. 1469, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Water and Land and Human Services and Housing,



SUZANNE CHUN OAKLAND, Chair

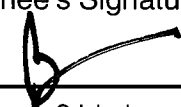


LAURA H. THIELEN, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

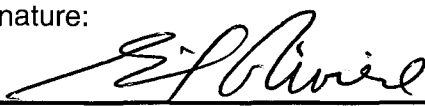
Record of Votes
Committee on Water and Land
WTL

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1469, HD1	WTL/HSR, WAM	03-20-15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
THIELEN, Laura H. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
IHARA, Jr., Les				✓
RIVIERE, Gil			✓	
RUDERMAN, Russell E.				✓
SHIMABUKURO, Maile S.L.	✓			
SLOM, Sam			✓	✓
TOTAL	3		2	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
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*Only one measure per Record of Votes

The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Human Services and Housing
HSH

Bill / Resolution No.:* HB1469, HD1	Committee Referral: WTL/HSH, WAM	Date: 3/19/15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)		X		
GREEN, Josh (VC)				X
HARIMOTO, Breene		X		
RIVIERE, Gil			X	
SLOM, Sam				X
TOTAL	0	2	1	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes