

Honolulu, Hawaii
February 18, 2016

RE: H.B. No. 1958
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committees on Housing and Human Services, to which was referred H.B. No. 1958 entitled:

"A BILL FOR AN ACT RELATING TO A GENERAL EXCISE TAX EXEMPTION FOR LOW INCOME RENTAL SUBSIDIES,"

beg leave to report as follows:

The purpose of this measure is to exempt rental subsidy payments for Section 8 and Housing First Programs from the state general excise tax.

The Hawaii Public Housing Authority, a Maui County councilmember, and a concerned individual supported this measure. The Governor's Coordinator on Homelessness, Department of Human Services, and Hawaii Association of Realtors supported the intent of this measure. The Department of Taxation and the Tax Foundation of Hawaii provided comments.

Your Committees note the comments raised by the Department of Taxation on this measure, which states that the fiscal implications of this measure may mean a loss of revenue of over \$4,000,000 to \$5,000,000 annually.

Your Committees have amended this measure by:

- (1) Changing the application date of this measure to gross income or gross proceeds received after December 31, 2016; and



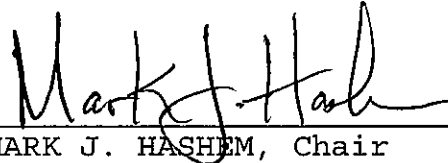
- (2) Changing its effective date to July 1, 2050, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Housing and Human Services that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1958, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1958, H.D. 1, and be referred to your Committee on Finance.

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



DEE MORIKAWA, Chair



MARK J. HASHEM, Chair



