

Honolulu, Hawaii

MAR 23 2015

RE: H.B. No. 906  
H.D. 1

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

Madam:

Your Committee on Human Services and Housing, to which was referred H.B. No. 906, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX EXEMPTIONS FOR CERTIFIED OR APPROVED HOUSING PROJECTS,"

begs leave to report as follows:

The purpose and intent of this measure is to ensure that certain eligible housing projects will remain affordable for certain minimum periods by requiring them to enter into regulatory agreements with the Hawaii Housing Finance and Development Corporation in order to be certified for exemption from general excise taxes.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; and Hawaii Housing Finance and Development Corporation. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that encouraging private sector investment and construction of rental housing for Hawaii's families is critical. According to the Hawaii Housing Planning Study in 2011, there is an estimated need for over 13,000 rental units by 2016 for households at or below eighty percent of the area median income. Of those needed rental units, nearly seventy-five percent are needed by households at or below fifty percent of the area median income.



However, your Committee also finds that developers of new or rehabilitated affordable rental housing projects who receive general excise tax exemptions should not be able to continue receiving these exemptions unless their projects remain affordable over certain periods of time. This measure seeks to ensure the long-term affordability of these affordable rental housing projects.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 906, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

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



SUZANNE CHUN OAKLAND, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Human Services and Housing**  
**HSH**

Bill / Resolution No.:* <b>HB 906 HDZ</b>	Committee Referral: <b>HSH, WAM</b>	Date: <b>3/17/15</b>		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input 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)	✓			
GREEN, Josh (VC)	✓			
HARIMOTO, Breene	✓			
RIVIERE, Gil	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes