

STAND. COM. REP. NO. 499

Honolulu, Hawaii

FEB 20 2015

RE: S.B. No. 1201  
S.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 S.B. No. 1201 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a tax incentive for landlords who provide rental units for persons earning below eighty percent of the area median income.

Your Committee received testimony in support of this measure from the Hawaii Women's Coalition and four individuals. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and two individuals.

Your Committee finds that Hawaii faces a historical and growing shortage of housing units and rapidly rising rents, presenting a serious problem for a substantial portion of Hawaii residents who live in residential housing. Moreover, rent increases are exacerbated by speculation in the purchase and sale of existing residential housing units by local and foreign real estate and development investors. The housing shortage and speculative nature of the real estate industry present a clear and imminent threat to the public health and welfare of Hawaii's residents, especially the poor, minorities, students, young families, and senior citizens.

Your Committee has amended this measure by:



- (1) Deleting language from section 2, which exempts and excludes from general excise taxation all gross proceeds received by an owner or lessor from the leasing of real property to persons earning below eighty percent of the area median income;
- (2) Inserting language that exempts from general excise taxation gross income received by a qualified owner or lessor who leases a residential dwelling unit to an eligible low-income household earning at or below eighty percent of the area median income;
- (3) Inserting language that requires the Director of Taxation and the Hawaii Public Housing Authority to adopt rules;
- (4) Inserting language that allows the Hawaii Public Housing Authority to approve and certify exemptions;
- (5) Inserting language requiring all claims for exemption to be filed with and certified by the Hawaii Public Housing Authority;
- (6) Inserting language that allows the Hawaii Public Housing Authority to establish, revise, charge, and collect reasonable fees for approving and certifying exemptions; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 1201, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1201, S.D. 1, 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*

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>SB 1201</b>	Committee Referral: <b>HSH, WAM</b>	Date: <b>2/17/15</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 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)	✓			
GREEN, Josh (VC)				✓
HARIMOTO, Breene	✓			
RIVIERE, Gil	✓			
SLOM, Sam	✓			
<b>TOTAL</b>	<b>4</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