

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: amel.s.chun@hawaii.gov
Subject: Submitted testimony for HB1469 on Mar 19, 2015 13:30PM
Date: Tuesday, March 17, 2015 9:21:57 AM
Attachments: [HB1469HD1_LNR_03-19-15_WTL-HSH.pdf](#)

HB1469

Submitted on: 3/17/2015

Testimony for WTL/HSH on Mar 19, 2015 13:30PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Carty S. Chang	DLNR	Oppose	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

DAVID IGE
GOVERNOR OF HAWAII



CARTY S. CHANG
INTERIM CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

DANIEL S. QUINN
INTERIM FIRST DEPUTY

W. ROY HARDY
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
CARTY S. CHANG
Interim Chairperson

Before the Senate Committees on
WATER AND LAND
and
HUMAN SERVICES AND HOUSING

Thursday, March 19, 2015
1:30 PM
State Capitol, Conference Room 016

In consideration of
HOUSE BILL 1469, HOUSE DRAFT 1
RELATING TO DISPOSITION OF TAX REVENUES

House Bill 1469, House Draft 1 proposes, by amending Section 247-7, Hawaii Revised Statutes (HRS), to establish maximum dollar amounts that shall be distributed among certain non-general funds from the Conveyance Tax and retains the provision that the general fund receive the remainder after distribution. **The Department of Land and Natural Resources (Department) opposes this measure, and provides the following comments and suggested amendments.**

If the Legislature is intent on capping the Land Conservation Fund and Natural Area Reserve Fund; the Department requests that any excess funds remain in the Department and be allocated for fire and emergency response. Development increases the threat of fires spreading into wilderness areas and vice versa. The rate of large wildfires in Hawaii is steadily increasing, and these fires often originate from urban areas. Hawaii is on par with the Western States for the percentage of land area burnt. Development also increases infrastructure exposure to natural disasters and the need for emergency response. For example, the Department played a major role in repairing roads, trails, and other infrastructure in the Puna District after Hurricane Iselle. Climate change and expanded development will increase the vulnerability to natural disasters and require increased emergency response capacity.

The Department has two (2) special funds that receive revenues from the Conveyance Tax, pursuant to Section 247-7, HRS:

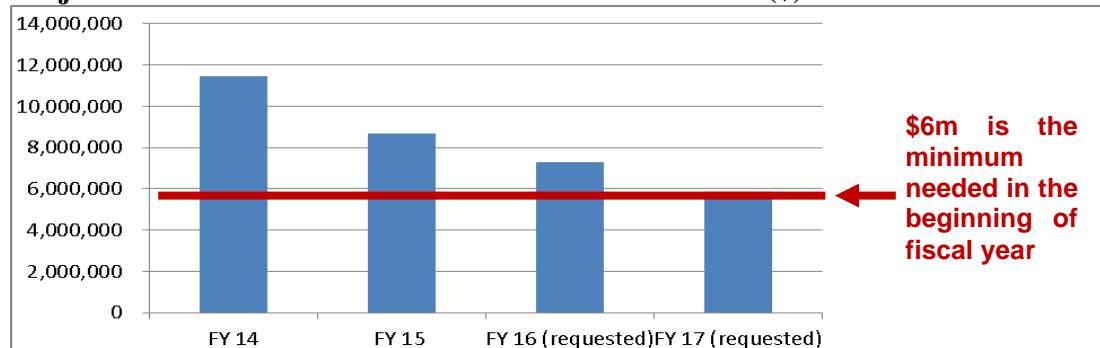
- (1) The Natural Area Reserve Fund, established by Section 195-9, HRS, which receives twenty five percent (25%). The measure proposes to cap the NARF at 25% or an unspecified amount, whichever is less.
- (2) The Land Conservation Fund, established pursuant to Section 173A-5, HRS, which receives ten percent (10%). The measure proposes to cap the LCF at 10% or an unspecified amount, whichever is less.

Natural Area Reserve Fund (NARF)

In Fiscal Year (FY15), the total drawdown of the NARF will exceed \$19m, which was the cap proposed in House Bill 1469 and Senate Bill 1299. This includes the NARF's special fund ceiling of \$12.3m and transfers operating within the spending ceilings established by the Legislature and authorized by statute (Chapters 195 and 195D, HRS, and Section 247-7, HRS). This does not include loans and transfers proposed for federal reimbursement and for the Hurricane Iselle emergency response.

The administration's biennium budget request for a special fund ceiling increase of \$5m will fully use the projected revenues into the NARF, while keeping approximately \$6 million unencumbered for use in the beginning of FY18. \$6m is the minimum for payroll, contracts, and other encumbrances needed at the beginning of the fiscal year. The Department's proposed FY16 and FY17 NARF drawdown is \$18.4/year. Thus, the NARF is fully using its funds to the maximum extent in this biennium, while having enough funds to begin FY18.

Projected NARF Unencumbered Balance at End of FY (\$)



The NARF supports a comprehensive suite of conservation programs including the Natural Area Partnership and Forest Stewardship Programs, the Natural Area Reserves, the Watershed Partnerships Program, and the 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 recharge areas.

The Legislature has oversight of the NARF by: setting a spending cap for the fund and; pursuant to Section 195-6.6, HRS, requiring the Department to annually report to the Legislature the

financial condition of the fund, including: receipts and expenditures for the fund for the previous fiscal year; and plans and management objectives for the next fiscal year.

Special funds are created to provide dedicated revenue streams for particular initiatives. For over 20 years the NARF has consistently and effectively provided funding for these vital conservation programs, hence meeting the stated intended purpose to protect and preserve Hawaii's unique natural resources.

The suite of conservation programs listed above is vital to the economic and public health of the State (local food availability, watershed protection, unique cultural and natural resources, public safety, and nature education and recreation).

To succeed in the long term, most conservation projects require the dedicated funding provided by special funds. Based on that, the Legislature requires the departments to create a 5-year plan for each special fund. The Department's existing plans and flexibility would be compromised if the cap is enacted.

A benefit of the dedicated funding afforded by special funding is the Department can, knowing they have matching State funds, leverage those funds to seek other long term funding from private, federal, and county sources.

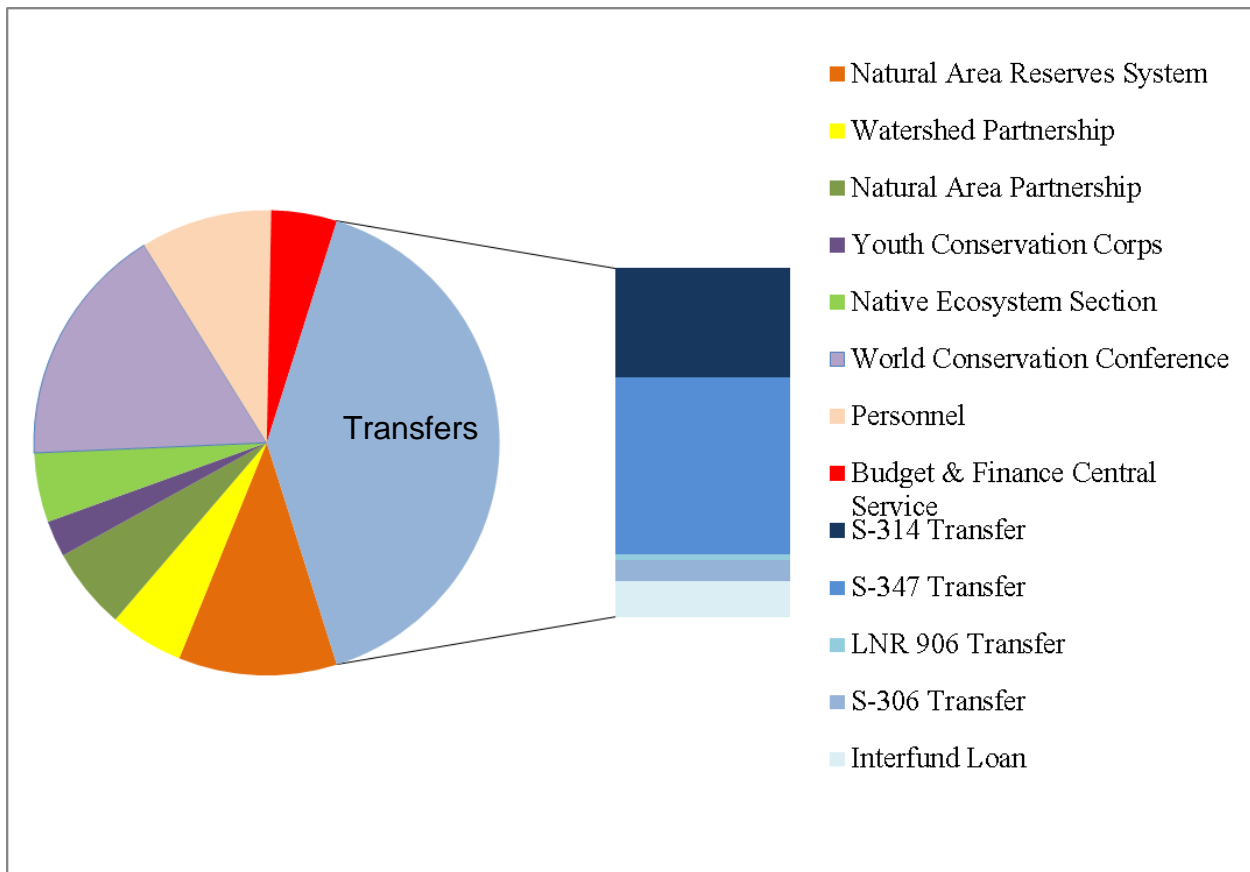
Land Conservation Fund (LCF)

The LCF 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. Currently the Legacy Land Conservation Program (LLCP), which administers the LCF, leverages about 66% matching funds and a majority of these matching funds are from federal programs that require dedicated local funds. Since its inception in 2006, the LLCP has awarded 43 grants, providing protection for over 20,000 acres of lands that have important agricultural, natural, cultural, and recreational resource value. These are the resources that support the economic and public health of the State (local food availability, watershed protection, unique cultural and natural resources, and safe and maintained parks and recreation areas). The use of funding partnerships and an open and transparent grant-making process have been key factors in the success of this program.

Pursuant to Chapter 173A, HRS, the spending cap and annual report requirements applies to the LCF, hence providing Legislative control and public transparency.

The Department appreciates the opportunity to testify on this important matter.

Fiscal Year 2015 Natural Area Reserve Fund Allocations and Transfers



Category	FY 15 Amount
Natural Area Reserves System	\$ 2,267,000
Watershed Partnership	\$ 1,054,953
Natural Area Partnership	\$ 1,171,699
Youth Conservation Corps	\$ 520,000
Native Ecosystem Section	\$ 992,045
World Conservation Conference	\$ 3,471,000
Personnel	\$ 1,881,826
Budget & Finance Central Service	\$ 939,555
S-314 Transfer	\$ 2,600,000
S-347 Transfer	\$ 4,200,000
LNR 906 Transfer	\$ 138,180
S-306 Transfer	\$ 500,000
Interfund Loan	\$ 850,000
TOTAL Drawdown	\$ 20,586,258

Transfer and Loan Summary LNR 407 S-342 Natural Area Reserve Fund

Transfers& Loans	FY 14	FY 15	Comments
S-314	\$ 2,750,000	\$ 2,600,000	Forest and Wildlife Resources Special Fund: Transfers fund the protection of native species and their habitats, fulfilling the purpose of HRS § 195 because the findings and purposes of HRS § 195-1 and § 195D-1 are not mutually exclusive. There is a clear nexus for watershed and protection of native species habitats between the LNR 407 and the LNR 402 programs.
S-347	\$ 2,100,000	\$ 4,200,000	Forest Stewardship Special Fund: Act 195, Session Laws of Hawaii (SLH) 1993, established this dedicated funding source as a percentage of annual Conveyance Tax revenues for the Forest Stewardship Program that is deposited into the Natural Area Reserve Fund. Act 269, SLH 2000, established that the Natural Area Reserve Fund can be disbursed for projects undertaken in accordance with watershed management plans pursuant to section 171-58 or watershed management plans negotiated with private landowners. HRS § 195F-4 authorizes that "Moneys deposited into the [forest stewardship special] fund as authorized by section 247-7 may also be used by the department to administer the [forest stewardship] program and manage the forest reserve system."
LNR 906	\$ 101,715	\$ 138,180	This transfer supports fiscal positions, outreach, and risk management and other administrative needs of NARF programs.
S-306	\$ -	\$ 500,000	Na Ala Hele Program Special Fund: DOFAW conducted emergency response for Hurricane Iselle by clearing roads, trails, and repairing infrastructure, pursuant to the Governor's emergency proclamation. The NARS Commission and Forest Stewardship Committee Chairs were consulted on this emergency request, pursuant to HRS § 247-7.
Interfund loans (pending Governor's approval)	\$ -	\$ 850,000	This loan provides matching funds for federal grants, which will be reimbursed.
TOTAL	\$ 4,951,715	\$ 8,288,180	

SECTION 2. Section 247-7, Hawaii Revised Statutes, is amended to read as follows:

"**§247-7 Disposition of taxes.** All taxes collected under this chapter shall be paid into the state treasury to the credit of the general fund of the State, to be used and expended for the purposes for which the general fund was created and exists by law; provided that of the taxes collected each fiscal year:

(1) Ten per cent or \$ 7,600,000, whichever is less, shall be paid into the land conservation fund established pursuant to section 173A-5; provided that funds in excess of \$7,600,000 shall be expended by the department of land and natural resources for wildfire prevention, control, and emergency response.

(2) [~~Twenty five per cent from July 1, 2009, until June 30, 2012, thirty per cent from July 1, 2012, until June 30, 2014; and fifty~~] Fifty per cent [~~in each fiscal year thereafter~~] or \$ _____, whichever is less, shall be paid into the rental housing trust fund established by section 201H-202; and

(3) [~~Twenty per cent from July 1, 2009, until June 30, 2012, and twenty five~~] Twenty-five per cent [~~in each fiscal year thereafter~~] or \$19,000,000, whichever is less, shall be paid into the natural area reserve fund established by section 195-9; provided that the funds paid into the natural area reserve fund shall be annually disbursed by the department of land and natural resources in the following priority:

- (A) To natural area partnership and forest stewardship programs after joint consultation with the forest stewardship committee and the natural area reserves system commission;
- (B) Projects undertaken in accordance with watershed management plans pursuant to section 171-58 or watershed management plans negotiated with private landowners, and management of the natural area reserves system pursuant to section 195-3; and
- (C) The youth conservation corps established under chapter 193 [-];"

provided that funds in excess of \$19,000,000 shall be expended by the department of land and natural resources for wildfire prevention, control, and emergency response.

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: mavis.m.masaki@hawaii.gov
Subject: Submitted testimony for HB1469 on Mar 19, 2015 13:30PM
Date: Tuesday, March 17, 2015 3:06:12 PM
Attachments: [HB1469 HD1 BED-HHFDC 03-19-15 WTL-HSH.pdf](#)

HB1469

Submitted on: 3/17/2015

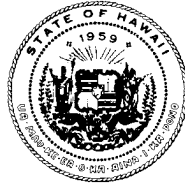
Testimony for WTL/HSH on Mar 19, 2015 13:30PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Craig K. Hirai	HHFDC	Oppose	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

**SENATE COMMITTEE ON WATER AND LAND
SENATE COMMITTEE ON HUMAN SERVICES AND HOUSING**

March 19, 2015 at 1:20 p.m.
State Capitol, Room 016

In consideration of
H.B. 1469, H.D. 1
RELATING TO DISPOSITION OF TAX REVENUES.

The HHFDC opposes H.B. 1469, H.D. 1 to the extent that it caps conveyance tax revenues dedicated to the Rental Housing Trust Fund to an unspecified dollar amount per fiscal year.

The RHTF has been instrumental in the statewide delivery of rental housing for lower-income households. Since inception of the program, deposits to the RHTF from conveyance tax revenues and legislative appropriations have totaled \$277 million. During that period, as a result of interest earned and loan repayments, funding awards of \$295 million were made for 64 rental projects totaling 5,205 units.

We are faced with a projected need for approximately 27,000 affordable rental housing units over the next 6 years, as specified below. Placing a cap on the conveyance tax revenues that are dedicated to the RHTF could hinder our ability to address this need.

Projected Affordable Rental Housing Need, 2014-2020					
% Median Income	Honolulu	Maui	Hawaii	Kauai	State
30%	4,076	1,377	2,355	330	8,138
50%	3,808	1,402	2,017	221	7,448
60%	2,415	748	1,003	462	4,629
80%	3,710	1,330	1,657	312	7,009
Total	14,008	4,857	7,033	1,325	27,224

Source: Ricky Cassidy, Rental Housing Study, 12/30/14

HHFDC submits an annual RHTF report to the State Legislature pursuant to section 201H-202(f), HRS. The report describes the proposals received, projects funded, efforts taken to develop projects with units targeted for persons and families with incomes at or below 30 per cent of the median family income, and any barriers to developing housing for this target group. We believe the annual reporting helps to address the need for transparency in the use of the conveyance tax revenues that are deposited into the RHTF.

However, if the joint committees are inclined to pass H.B. 1469, H.D. 1, HHFDC requests that you set conveyance tax collections for the RHTF at 50 per cent or \$38 million, whichever is less (pursuant to the H.B. 1469), and add a sunset date of June 30, 2017, for the \$38 million cap to allow for the impacts of the measure to be assessed.

Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: bettylou.larson@catholiccharitieshawaii.org
Subject: Submitted testimony for HB1469 on Mar 19, 2015 13:30PM
Date: Tuesday, March 17, 2015 4:34:49 PM
Attachments: [HB 1469 HD1- RE Tax revenues- CAP on RHJTF- PIC 3-19-15.docx](#)

HB1469

Submitted on: 3/17/2015

Testimony for WTL/HSH on Mar 19, 2015 13:30PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Betty Lou Larson	Partners in Care	Oppose	Yes

Comments: If the Joint Committees decide to move this bill forward, we request that a sunset date of 6/30/17 be added for the \$38 million cap, so that the impacts of this cap can be evaluated.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



PARTNERS IN CARE

Oahu Continuum of Care

Partners in Care is a coalition of Oahu's homeless service providers, government representatives and community stakeholders working together in partnership to end homelessness.

Testimony in OPPOSITION to HB 1469, HD1: Relating to Disposition of Tax Revenues

TO: Senator Laura H. Thielen, Chair, Committee on Water and Land;
Senator Suzanne Chun Oakland, Chair, Committee on Human Services & Housing;
Members, Committees on Water and Land, Human Services & Housing

FROM: Betty Lou Larson, Advocacy Committee, Partners in Care

Hearing: Thursday, March 19, 2015; 1:30 PM; Conference Room 016

Thank you for the opportunity to provide testimony **in opposition** to HB 1469 HD1, which would establish maximum dollar amounts to be distributed from the conveyance tax to the Rental Housing Trust Fund and other special funds. I am Betty Lou Larson, from Partners in Care.

This year, Partners in Care has seen hope that Hawaii could create more affordable housing and significantly house more lower-income people. You know the data: Hawaii is the most expensive state for housing. The housing needs of households most in need (at or below 60% AMI), have exploded. The 2014 Housing Study found that 20,215 units are needed by 2020 just for this population, **an increase of about 50% from the 2011 Housing Study!**

Funding for the Trust Fund is critical to produce new rental housing since without it, projects do not pencil out. Since inception, RHTF has funded 64 projects totaling 5,205 rental units! Critically, it is the only fund that mandates units for people at 30% of AMI. While only 5% of the units are set aside for households at 30% AMI, it is important to note that a high percentage of the actual tenants fall into this very low income category. A 2013 study by HHFDC, found that **approximately 45.7% of the units funded by the RHTF, were actually occupied by households at or below 30% of AMI.**

We understand that the Legislature has the tough job of balancing needs across the State. Due to the extreme crisis in affordable housing being faced by Hawaii, we respectfully urge you **not to cap** the RHTF at \$38 million, but *keep 50% of the conveyance tax proceeds as the minimum commitment of the State to create solutions to our affordable housing crisis.* We understand that any additional requests for funding to the RHTF would be balanced with other competing needs within the State. **If this bill proceeds, we request that you add a two year sunset date of 6/30/17 for the \$38 million cap, so that the impacts of this cap can be evaluated.**

Homelessness and lack of housing for the people of Hawaii will continue to worsen without an ongoing and significant commitment from the State to end homelessness by creating new affordable rental inventory. Funding projects now (via the RHTF) will create a legacy that will continue to house thousands of Hawaii's households for generations to come.

Thank you for the opportunity to testify. Please contact me at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: bobnakata239@aol.com
Subject: Submitted testimony for HB1469 on Mar 19, 2015 13:30PM
Date: Wednesday, March 18, 2015 3:17:07 PM
Attachments: [HB1469.HD1_DispositionTaxRevenues.docx](#)

HB1469

Submitted on: 3/18/2015

Testimony for WTL/HSB on Mar 19, 2015 13:30PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
bobnakata	FACE	Oppose	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

March 19, 2015

TO: Senator Laura Thielan, Chair, Senate Committee on Water and Land
Senator Suzanne Chun Oakland, Chair
Senate Committee on Human Services and Housing

FROM: Rev. Bob Nakata, Co-Chair
FACE Housing Task Force

**HEARING: Thursday, March 19, 2015 - Testimony in Opposition to
HB1469, HD1, Relating to Disposition of Tax Revenues**

Faith Action for Community Equity (FACE) is a twenty year old faith-based community organizing entity. Its purpose is to advocate on quality of life issues affecting those who do not have a voice on such issues. FACE has about 50 units, mainly churches, temples and synagogues on the islands of Oahu and Maui. Affordable housing and homelessness have been core issues for FACE, which helped to create the Rental Housing Trust Fund (RHTF) using a portion of the Conveyance Tax revenues.

At a time of dire crisis on these issues we are strongly opposed to HB1469, HD1, which seeks to cap the amount of funding going into the RHTF. One homeless person a week on average is dying, and there is a shortage of tens of thousands of affordable rental units. While we understand the fiscal condition of the State, we cannot support the capping of funds to the RHTF and urge you not to pass HB1469, HD1.

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: mfox@tnc.org
Subject: Submitted testimony for HB1469 on Mar 19, 2015 13:30PM
Date: Tuesday, March 17, 2015 3:40:31 PM
Attachments: [HB 1469 TNC testimony 03 19 15.pdf](#)

HB1469

Submitted on: 3/17/2015

Testimony for WTL/HSB on Mar 19, 2015 13:30PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Fox	The Nature Conservancy	Oppose	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Testimony of The Nature Conservancy of Hawai'i
Opposing H.B. 1469 HD1 Relating to Disposition of Tax Revenues
Senate Committee on Water and Land
Senate Committee on Human Services and Housing
Thursday, March 19, 2015, 1:30PM, Room 016

For more than 35 years, The Nature Conservancy of Hawai'i has been working closely with government agencies, local businesses, private landowners, non-profit partners, and interested communities across the state to preserve the lands and waters upon which all life in these islands depends. The Conservancy is a private non-profit conservation organization that has helped to protect nearly 200,000 acres of natural lands in Hawai'i. Today, we actively manage more than 35,000 acres in 11 nature preserves on Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i, and support 19 coastal communities seeking to co-manage marine resources in partnership with the State of Hawai'i.

The Nature Conservancy opposes H.B. 1469 HD1. We encourage the Legislature instead to exercise its annual budgeting authorities, including spending ceilings and spending directives in the budget itself, rather than adding specific dollar caps to the permanent conveyance tax authorizing statute.

The Legislature has the capability to ensure that the conveyance tax revenue allocated to the DLNR is closely monitored, spent on priorities identified by the Legislature and not “automatically” available for distribution. Each year, the Legislature requires the DLNR to provide detailed annual reports and justifications on non-general fund expenditures and the programs they support. With that information, the Legislature sets a spending ceiling for the following year in the budget. The Legislature often gives directive in the annual budget to the department on how it expects non-general funds within that ceiling to be spent, and even provides specific directives for expenditures of revenues above the spending ceiling to address additional priorities set by the Legislature. This process seems like it allows the Legislature to exercise more regular oversight and direction over the department's use of non-general funds than setting a fixed dollar allocation in permanent statute.

HRS §247-7 authorizes a portion of conveyance tax revenue to be appropriately used for land preservation and forested watershed conservation. The development and sale of real estate helps drive Hawaii's economy, but it also puts pressure on our natural resources like fresh water. Several locations in the state have experienced ongoing drought, climate change is likely to produce more severe storms but overall less rainfall, and the UH's 2011 Rainfall Atlas catalogues a century of declining rainfall that is worse in recent decades. Fresh water is not a limitless resource that can forever be tapped to support our developed real estate. It makes sense to spend a portion of conveyance tax revenue on protecting forests which are the source of all our fresh water.

The Legislature recognized this clear nexus in Act 156 (HB 1308 CD1, 2005), stating:

“The legislature has also determined that there is a clear nexus between the source of the conveyance tax and providing funding for watershed protection and other natural resource preservation programs. 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 recharge areas.”

Thank you for the opportunity to testify on this measure.

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: rstark@rcchawaii.org
Subject: Submitted testimony for HB1469 on Mar 19, 2015 13:30PM
Date: Tuesday, March 17, 2015 5:43:18 PM
Attachments: [Testimony in OPPOSITION to HB 1469.docx](#)

HB1469

Submitted on: 3/17/2015

Testimony for WTL/HSB on Mar 19, 2015 13:30PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Stark	Office for Social Ministry	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Testimony in OPPOSITION to HB 1469, HD1: Relating to Disposition of Tax Revenues

TO: Senator Laura H. Thielen, Chair, Committee on Water and Land;
Senator Suzanne Chun Oakland, Chair, Committee on Human Services &
Housing; Members, Committees on Water and Land, Human Services & Housing

FROM: Fr. Robert Stark, Catholic Diocese of Honolulu Office for Social Ministry

Hearing: Thursday, March 19, 2015; 1:30 PM; Conference Room 016

Thank you for the opportunity to provide testimony **in opposition to** HB 1469 HD1, which would establish maximum dollar amounts to be distributed from the conveyance tax to the Rental Housing Trust Fund and other special funds. I am Fr. Robert Stark, Director of the Catholic Diocese of Honolulu Office for Social Ministry which serves 66 parishes throughout Hawai'i.

This year, the Office for Social Ministry has seen hope that Hawaii could create more affordable housing and significantly house more lower-income people. You know the data: Hawai'i is the most expensive state for housing. The housing needs of households most in need (at or below 60% AMI), have exploded. The 2014 Housing Study found that 20,215 units are needed by 2020 just for this population, **an increase of about 50% from the 2011 Housing Study!**

Funding for the Trust Fund is critical to produce new rental housing since without it, projects do not pencil out. Since inception, RHTF has funded 64 projects totaling 5,205 rental units! Critically, it is the only fund that mandates units for people at 30% of AMI. While only 5% of the units are set aside for households at 30% AMI, it is important to note that a high percentage of the actual tenants fall into this very low income category. A 2013 study by HHFDC, found that **approximately 45.7% of the units funded by the RHTF, were actually occupied by households at or below 30% of AMI.**

We understand that the Legislature has the tough job of balancing needs across the State. Due to the extreme crisis in affordable housing being faced by Hawai'i, we respectfully urge you **not to cap the RHTF at \$38 million, but keep 50% of the conveyance tax proceeds as the minimum commitment of the State to create solutions to our affordable housing crisis.** We understand that any additional requests for funding to the RHTF would be balanced with other competing needs within the State. **If this bill proceeds, we request that you add a two year sunset date of 6/30/17 for the \$38 million cap, so that the impacts of this cap can be evaluated.**

Homelessness and lack of housing for the people of Hawai'i will continue to worsen without an ongoing and significant commitment from the State to end homelessness by creating new affordable rental inventory. Funding projects now (via the RHTF) will create a legacy that will continue to house thousands of Hawai'i's households for generations to come.

Mahalo for not voting to cap the RHTF which is vital for addressing the affordable housing crisis.

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: trisha.kajimura@catholiccharitieshawaii.org
Subject: Submitted testimony for HB1469 on Mar 19, 2015 13:30PM
Date: Wednesday, March 18, 2015 1:13:13 PM
Attachments: [HB 1469 HD1- RE Tax Revenues- RHTF \\$38 M Cap-SPOL-WTL & HSH 3-19-15.doc](#)

HB1469

Submitted on: 3/18/2015

Testimony for WTL/HSH on Mar 19, 2015 13:30PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Trisha Kajimura	Catholic Charities Hawaii	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



CATHOLIC CHARITIES HAWAI'I

Testimony in OPPOSITION to HB 1469, HD1: Relating to Disposition of Tax Revenues

TO: Senator Laura H. Thielen, Chair, Committee on Water and Land;
Senator Suzanne Chun Oakland, Chair, Committee on Human Services & Housing; Members, Committees on Water and Land, Human Services & Housing

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawai'i

Hearing: Thursday, March 19, 2015; 1:30 PM; Conference Room 016

Thank you for the opportunity to provide testimony **in opposition to** HB 1469 HD1, which would establish maximum dollar amounts to be distributed from the conveyance tax to the Rental Housing Trust Fund and other special funds.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable people in Hawai'i. Catholic Charities Hawai'i has a long history of working on housing issues and helping to end homelessness and change lives. One of our highest priorities is to create affordable rental housing to end homelessness.

Hawaii's housing situation is desperate. The newly released 2014 Housing Study projects that over 27,000 affordable rental units are needed by 2020. The housing crisis for households at 60% AMI or below has exploded. The 2014 study found that about **50% more units are needed for these low income households than in 2011 (20,215 units vs 13,000)**. *Out of Reach 2014* reported that **Hawaii topped the list of most expensive states for housing**. A full time worker would need to make \$31.54/hour to afford a two-bedroom unit at fair market rent. Yet the median wage of a renter in Hawaii is just \$13.86. Hawaii's workers cannot afford market housing and many become homeless. 78 percent of extremely low income households are paying more than half of their income in rent, and almost half of all households do not live in affordable housing. We need to take action NOW to create thousands of units of affordable rentals.

We understand that you have the tough job of balancing needs across the State. We urge you to keep 50% of the conveyance tax proceeds as the minimum commitment of the State to create solutions to our affordable housing crisis. However, if the Joint Committees decide to move this bill forward, **we request that a Sunset Date of 6/30/17 be added for the \$38 million cap on proceeds from the conveyance tax, to allow for the impacts of this cap to be assessed.**

We truly appreciate the Legislature's decision last year to allocate 50% of the conveyance tax to the Rental Housing Trust Fund (RHTF). Conveyance tax collections are rising, but this is offset by the increasing costs of construction in a hot market. Rising funding could offset these higher production costs. We are very concerned that placing a cap on the RHTF will seriously reduce the number of affordable rentals that can be produced over the next 5 years.



The RHTF is an effective and efficient tool to produce new affordable housing. Since inception, 5,205 units have been created with funding from the Trust Fund. Historically, there has been more demand for RHTF funding than there have been funds available. In 2013, the Trust Fund received \$70.4 million in requests, but only 4 out of 9 projects could be funded due to limited funds. Right now there is great synergy to build more affordable rentals with the City and State's TOD initiatives, interest in micro units and other lower cost options. HCDA recently received 7 proposals for micro units on their Cooke Street property. This initiative could create new models to be replicated on smaller lots (e.g. 10,000 SF lots like Cooke Street). Now is not the time to put a brake on these initiatives. We cannot lose this opportunity to make a huge difference in our inventory of affordable units, on ending homelessness, and on the lives of thousands of people.

With limited funding, we know that additional requests for funding to the RHTF, beyond the conveyance tax proceeds, will be looked at in the context of overall funding to the RHTF and the other needs of the State. We support the Governor's message for \$100 million for affordable rentals, but this will target construction only along the rail transit route. Affordable rentals are need on the Neighbor Islands and in other communities not next to the rail route. The conveyance tax share to the RHTF is the only source of funding for new affordable housing projects statewide.

It is also the only fund that mandates units for people at 30% of AMI (Area Median Income). This is critical since no other fund has this mandate. While only 5.5% of the units are set aside for households at 30% AMI, it is important to note that a high percentage of the actual tenants fall into this very low income category. A 2013 study by HHFDC, found that **approximately 45.7% of the units funded by the RHTF, were actually occupied by households at or below 30% of AMI.** These are the clients that are often served by Catholic Charities Hawaii.

Over the years, Catholic Charities Hawai'i has seen many of our clients move into projects funded by the RHTF. This has stabilized their families and given them hope for the future. These often were people at very high risk of homelessness or were homeless already.

We urge you to maintain the current 50% allocation of the conveyance tax to the Rental Housing Trust Fund as the minimum commitment of the State to address production of new affordable rental housing. Further allocations still will be required to reach the 27,000 + units needed by 2020. Homelessness and lack of housing for the people of Hawaii will continue to worsen without an ongoing and significant commitment from the State to end homelessness by creating new affordable rental inventory. Funding projects now (via the RHTF) will create a legacy that will continue to house thousands of Hawaii's households for generations to come.

Thank you for the opportunity to testify. Please contact me at (808) 527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: har@hawaii Realtors.com
Subject: Submitted testimony for HB1469 on Mar 19, 2015 13:30PM
Date: Wednesday, March 18, 2015 7:32:42 AM
Attachments: [03-19-15 HB1469 HD1 CTAX Distribution WTL-HSH.pdf](#)

HB1469

Submitted on: 3/18/2015

Testimony for WTL/HSH on Mar 19, 2015 13:30PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Hawaii AOR	Hawaii Association of REALTORS	Support	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

March 19, 2015

The Honorable Laura Thielen, Chair
Senate Committee on Water and Land

The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services and Housing
State Capitol, Room 016
Honolulu, Hawaii 96813

RE: H.B. 1469, H.D.1, Relating to Disposition of Tax Revenues

HEARING: Thursday, March 19, 2015, at 1:30 p.m.

Aloha Chair Thielen, Chair Chun Oakland and Members of the Joint Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,400 members. HAR **supports the intent of H.B. 1469, H.D.1**, which establishes maximum dollar amounts that shall be distributed among certain non-general funds from the conveyance tax. Retains provision that the general fund receive the remainder after distribution.

The Conveyance Tax applies to the conveyance of multi-family rentals, land for residential subdivisions, mixed-income and multi-use properties, commercial properties, resort properties, and agricultural lands, as well as condominium and single-family homes. It applies whether or not a property is sold at a gain or a loss.

In 2005, the Conveyance Tax was increased on a tiered scale on 1) the sale of realty for all transfers or conveyance of realty or any interest (i.e. commercial, timeshare, agricultural, industrial, etc. and condominium or single-family residences for which the purchaser is eligible for a county homeowner's exemption); and 2) the sale of a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption.

In 2009, the Legislature once again increased the Conveyance Tax on 1) the sale of realty from 30 cents per \$100 (.30%) for properties over \$1,000,000 to a maximum of \$1.00 (1%) per \$100 for properties over \$10,000,000 -- an increase of over 333%, and 2) the sale of a property ineligible for a county homeowner exemption from 30 cents per \$100 to \$1.25 per \$100 (1.25%) -- an increase of over 416.66%.

The problem linking funding to the Conveyance tax is that when the real estate market is down, there are not enough funds to pay for the programs and special funds it covers. Then, the Conveyance Tax would need to be increased to cover the programs. However, when the

market is up, there are excess funds over and above the program's needs. This becomes a cyclical issue, and unreliable in forecasting these program's needs.

In July 2012, the Auditor of the State of Hawaii prepared Report No. 12-04: "Study of the Transfer of Non-General Funds to the General Fund." The Auditor examined issues relating to the establishment and continuance of special and revolving funds in the State. The Auditor used the statutory criteria for establishment and continuance of special and revolving funds, under Sections 37-2.3 and 37-52.4 of the Hawaii Revised Statutes ("HRS"). Of those reviewed, the Auditor determined that the Land Conservation Fund and the Natural Area Reserve Fund did not qualify for continuance, both of which are funded by the Conveyance Tax.

The Conveyance Tax was originally created to cover administrative costs of recording real estate transactions for which there is a clear nexus. **We believe the allocation structure of the Conveyance Tax should benefit those programs and initiatives where there is a clear linkage such as the Rental Housing Trust Fund (RHTF).**

As such, HAR respectfully recommends that any remainder funds should be provided to the RHTF instead of the general fund. Additionally, while the Natural Area Reserve Fund and Land Conversation Fund have value, HAR believes that these funds should be provided for by the general fund.

Mahalo for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: tina@tfhawaii.org
Subject: Submitted testimony for HB1469 on Mar 19, 2015 13:30PM
Date: Tuesday, March 17, 2015 1:38:12 PM
Attachments: [h1469a15.pdf](#)

HB1469

Submitted on: 3/17/2015

Testimony for WTL/HSB on Mar 19, 2015 13:30PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Yamachika	Tax Foundation of Hawaii	Comments Only	Yes

Comments: Here is the Tax Foundation of Hawaii testimony on HB 1469, HD-1.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Disposition of revenue dollar limitations

BILL NUMBER: HB 1469, HD-1

INTRODUCED BY: House Committee on Finance

EXECUTIVE SUMMARY: This bill would establish maximum dollar amounts of conveyance tax revenues to be deposited into each of the designated funds. If the legislature deems these program areas a priority, then a direct appropriation for these programs would increase transparency and accountability.

BRIEF SUMMARY: Amends HRS section 247-7 to provide that conveyance tax revenue shall be distributed in each fiscal year as follows: (1) ten percent or \$_____ million, whichever is less, shall be paid into the land conservation fund; (2) fifty percent or \$_____ million, whichever is less, shall be paid into the rental housing trust fund; and (3) twenty-five percent or \$_____ million whichever is less, shall be paid into the natural area reserve fund.

EFFECTIVE DATE: July 1, 2015

STAFF COMMENTS: This measure would establish maximum dollar amounts of conveyance tax revenues to be distributed to the various special funds now being fed. It would, however, perpetuate the earmarking of conveyance tax revenues. As with any earmarking of revenues, the legislature will be giving their stamp of approval for the “automatic funding” mechanism for each of the programs into which the conveyance tax revenues are funneled. Through this system, monies are diverted into these funds without any legislative intervention, expenses from the funds largely avoid legislative scrutiny, and it will be difficult to ascertain the effectiveness of the programs funded. It would also be difficult to ascertain whether or not the fund has too little or too much revenue.

The conveyance tax is one of the least dependable sources upon which to rely for funding with collections rising and falling with the fortunes of the real estate market. Any amount collected under this tax will depend on activity in the real estate market. As the housing market slows down, revenues may not be sufficient to meet the expectations of the fund. If the conveyance tax revenues are not sufficient or another “important” program needs funding, will the conveyance tax rates need to be “adjusted” to generate even more revenue?

If the legislature deems the programs and purposes funded by conveyance tax revenues to be a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. If the money were appropriated, lawmakers could then evaluate the real or actual needs of each particular program.

Digested 3/17/15

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: jenny@hiappleseed.org
Subject: Submitted testimony for HB1469 on Mar 19, 2015 13:30PM
Date: Wednesday, March 18, 2015 1:25:49 PM
Attachments: [HB 1469 WAL-HSH 15 0319 \(RHTF cap\).docx](#)

HB1469

Submitted on: 3/18/2015

Testimony for WTL/HSH on Mar 19, 2015 13:30PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Jenny Lee	Hawaii Appleseed Center for Law & Economic Justice	Comments Only	Yes

Comments: Please see attached testimony commenting on this measure.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

**Board of Directors**

Sherry Broder, Esq.
David Derauf, M.D.
Naomi C. Fujimoto, Esq.
Patrick Gardner, Esq.
John H. Johnson
Nathan Nelson, Esq.
David J. Reber, Esq.
Mike Webb

Executive Director

Victor Geminiani, Esq.

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Commenting on HB 1469 Relating to Disposition of Tax Revenues
Senate Committee on Water and Land
Senate Committee on Human Services and Housing
Scheduled for Hearing Tuesday, March 19, 2015, 1:30 PM, Room 016

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit law firm created to advocate on behalf of low-income individuals and families in Hawai'i on legal and policy issues of statewide importance. Our core mission is to help our clients access to the resources and fair treatment they need to realize their opportunities for self-achievement and economic security.

Thank you for the opportunity to testify on House Bill 1469, which would establish maximum dollar amounts to be distributed from the conveyance tax to certain non-general funds. Hawai'i Appleseed would like to offer comments regarding HB 1469's proposed \$38 million cap on conveyance tax distributions to the Rental Housing Trust Fund. While we are cognizant of the state's need to balance a number of important fiscal demands, Hawai'i Appleseed believes that the magnitude of Hawai'i's affordable housing crisis requires that funds for affordable housing remain a top priority. Should the Legislature decide to cap the RHTF at a dollar amount, we respectfully request that the Committees insert a **sunset date** for two years after the cap is implemented.

First, we would like to express our appreciation for the Legislature's longtime commitment to funding affordable housing, including the Rental Housing Trust Fund. We are particularly grateful for last session's restoration of the percentage of conveyance tax revenues going to the RHTF up to 50 percent. The Rental Housing Trust Fund is a major tool for the creation of affordable housing and has a long record of success, funding over 5,000 units since its creation, and functions as an economic driver.

As advocates for a variety of issues affecting low-income people, we also acknowledge the state's need to fund many other important programs that help these same populations. However, without affordable, stable, and decent housing, these individuals and families will continue to face barriers to their financial self-sufficiency. Almost 80 percent of extremely low-income households paying more than *half* of their income toward housing, an immense strain on their budgets. The consequences of their inability to make ends meet include worse health and educational outcomes, as well as the most visible consequence, homelessness.

We respectfully encourage the Legislature to focus on adjusting appropriations in the budget requests for the RHTF instead of a dollar cap. However, should the Legislature feel that a cap is the most appropriate means to manage RHTF funding, we respectfully request that the Committees consider **amending HB 1469 by inserting a sunset date of two years for any caps** on the dollar amount going toward the RHTF. This aligns with the fiscal policy concern related to earmarked funds—the state must allocate funds toward many important issues, and these needs can vary depending on the economic climate, policy priorities, and any other number of changes. Requiring that the Legislature revisit any caps will ensure that the needs of the RHTF are also fully considered. In addition to accounting for changes in projected conveyance tax revenues and housing needs, any set dollar amount will lose ground due to inflation.

Thank you again for the opportunity to testify on HB 1469. We respectfully urge you to continue distributing the full 50% of conveyance tax revenues to the Rental Housing Trust Fund or insert a sunset to help meet the state's urgent need for affordable rental housing.