



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

February 9, 2016

TO: The Honorable Mark J. Hashem, Chair
House Committee on Housing

The Honorable Dee Morikawa, Chair
House Committee on Human Services

FROM: Scott Morishige, MSW, Governor's Coordinator on Homelessness

SUBJECT: **HB 2659 – RELATING TO HOUSING**

Hearing: Tuesday, February 9, 2016, 8:30 a.m.
Conference Room 329, State Capitol

POSITION: The Governor's Coordinator on Homelessness appreciates the intent of this measure, but defers to the Hawaii Housing Finance and Development Corporation (HHFDC) in regards to specific issues related to implementation and financial impact.

PURPOSE: The purpose of the bill is to require funds in the Dwelling Unit Revolving Fund (DURF) and Rental Housing Revolving Fund (RHRF) to be used to provide rent subsidies, loans or grants to persons who qualify for social security disability benefits and are diagnosed with life-long, serious mental illnesses.

The measure aligns with Goal 2, Objective 5 of the Hawaii Interagency Council on Homelessness Strategic Plan to End Homelessness, which is to “create and preserve permanent supportive housing options for people who are homeless and have special needs, e.g., mentally ill, medically frail, physically disabled, elderly, released offenders, and substance affected.”

Thank you for the opportunity to testify on this bill.



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February 9, 2016

TO: The Honorable Mark J. Hashem, Chair
House Committee on Housing

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House Committee on Human Services

FROM: Scott Morishige, MSW, Governor's Coordinator on Homelessness

SUBJECT: **HB 1958 – RELATING TO A GENERAL EXCISE TAX EXEMPTION FOR LOW
INCOME RENTAL SUBSIDIES**

Hearing: Tuesday, February 9, 2016, 8:30 a.m.
Conference Room 329, State Capitol

POSITION: The Governor's Coordinator on Homelessness appreciates the intent of this measure, but defers to the Department of Taxation in regards to specific issues related to implementation and financial impact. The Coordinator's support is limited to the extent that this bill does not replace or adversely impact priorities indicated in the Executive Budget.

PURPOSE: The purpose of the bill is to exempt rental subsidy payments for Section 8 and Housing First programs from the state general excise tax.

The Coordinator recognizes that an exemption from the general excise tax will likely result in incentivizing landlords to participate with Section 8 and other similar housing voucher programs, such as Housing First. This measure is also in alignment with Goal 2, Objective 6 of the Hawaii Interagency Council on Homelessness' Strategic Plan to End Homelessness, which is to "improve access to government-funded affordable housing by eliminating barriers."

Thank you for the opportunity to testify on this bill.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

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

**HOUSE COMMITTEE ON HOUSING
HOUSE COMMITTEE ON HUMAN SERVICES**

February 9, 2016 at 8:30 a.m.
State Capitol, Room 329

In consideration of
H.B. 2659
RELATING TO HOUSING.

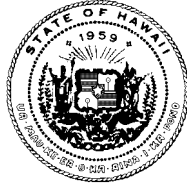
HHFDC **opposes** H.B. 2659 as currently drafted.

While we appreciate the intent of providing specialized residential services and rent subsidies for individuals with serious mental illnesses, the Dwelling Unit Revolving Fund (DURF) is not an appropriate funding source for this. As provided in section 37-62, HRS, a revolving fund is a type of fund "from which is paid the cost of goods and services rendered or furnished to or by a state agency and which is replenished through charges made for the goods or services or through transfers from other accounts or funds."

We also note that the DURF and the Rental Housing Revolving Fund (RHRF) may already be used to help finance the development of special needs housing, including housing for individuals with serious mental illness, provided they otherwise meet the eligibility requirements of these programs.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



RACHAEL WONG, DrPH
DIRECTOR

PANKAJ BHANOT
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 9, 2016

TO: The Honorable Representative Mark J. Hashem, Chair
House Committee on Housing

The Honorable Representative Dee Morikawa, Chair
House Committee on Human Services

FROM: Rachael Wong, DrPH, Director

SUBJECT: **HB 1958 – RELATING TO A GENERAL EXCISE TAX EXEMPTION FOR LOW
INCOME RENTAL SUBSIDIES**

Hearing: Tuesday, February 9, 2016; 8:30 a.m.
Conference Room 329, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this proposed bill as it will likely incentivize rental of affordable units to individuals and families served through the Section 8 and Housing First programs. The State's Housing First program and other programs geared toward housing placement of homeless individuals and families, are always challenged to engage and partner with landlords and property managers willing to rent units to homeless individuals and families. The DHS defers to the Department of Taxation on the fiscal implications of the bill.

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

Thank you for the opportunity to testify on this bill.



**STATE OF HAWAII
DEPARTMENT OF HEALTH**

P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

**Testimony SUPPORTING HB2659
Relating to Housing**

REPRESENTATIVE MARK J. HASHEM, CHAIR
HOUSE COMMITTEE ON HOUSING

REPRESENTATIVE DEE MORIKAWA, CHAIR
HOUSE COMMITTEE ON HUMAN SERVICES

Hearing Date: February 9, 2016, 8:30 a.m. Room Number: 329

1 **Fiscal Implications:** Undetermined at this time.

2 **Department Testimony:** The Department of Health (DOH) supports this measure.

3 The purpose of this bill is to require funds in the dwelling unit revolving fund and the
4 rental housing fund to be used to provide rent subsidies, loans, or grants to persons who qualify
5 for social security disability benefits and who are diagnosed with a life-long, serious mental
6 illness. We support this measure as it addresses an important need for individuals who are
7 disabled by reason of serious mental illnesses. We will note that this same issue and need may
8 be present for individuals with other disabilities.

9 Only through building up of inpatient and community programs, along with other policy
10 and staffing initiatives, will we be able to address the mental health needs of individuals,
11 families, and communities in Hawaii. This bill is a welcomed policy initiative in the area of
12 providing special financing support for community residential programs.

1 The DOH's Adult Mental Health Division (AMHD) recognizes the importance of
2 providing specialized residential services for individuals with severe and persistent mental
3 illness (SPMI). The AMHD currently provides specialized residential housing in an array of
4 settings from apartments to residential housing; however, most landlords and specialized
5 residential homes require a deposit and first month's rent. In our experience, this is a major
6 barrier for individuals to obtain housing due to the difficulty with obtaining the funds required to
7 occupy the apartment or specialized residential home because of inadequate savings or income to
8 support the payment of both the deposit and first month's rent in order to secure a housing
9 rental/lease agreement.

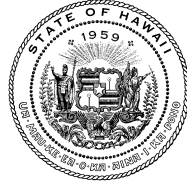
10 The ability for individuals to access the dwelling unit revolving fund and the rental
11 housing fund will increase opportunities for them to be referred to, screened for and to obtain
12 housing.

13 Thank you for the opportunity to testify.

14 **Offered Amendments:** None.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

JOSEPH K. KIM
DEPUTY DIRECTOR

To: The Honorable Mark J. Hashem, Chair
and Members of the House Committee on Housing

The Honorable Dee Morikawa, Chair
and Members of the House Committee on Human Services

Date: February 9, 2016
Time: 8:30 A.M.
Place: Conference Room 329, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 1958, Relating to a General Excise Tax Exemption for Low Income Rental Subsidies

The Department of Taxation (Department) appreciates the intent of H.B.1958, and offers the following comments for your consideration.

H.B. 1958 exempts from the General Excise Tax (GET) amounts received from a government public housing agency or non-profit organization for the subsidization of rent for individuals participating in a Title 42, U.S.C. Section 1437 assisted housing program or federal, state, or county housing first program. The measure applies to amounts received after December 31, 2015.

As currently drafted, the exemption would apply retroactively. The Department requests that the effective date of this measure be changed to apply to amounts received after December 31, 2016, in order to allow time for the Department to implement the necessary changes to the forms, instructions, and computer system.

Thank you for the opportunity to provide comments.

TESTIMONY IN SUPPORT OF HB 2659: Revolving Funds; Rent Subsidies, Loans, Grants

TO: Representative Evans, Representative Keohokalole, Representative Kobayashi, Representative Mizuno, Representative Morikawa, Representative Rhoads

FROM: Greg Payton, CEO Mental Health Kokua

Hearing: **Tuesday, 2/9/16, 8:30 AM; Room 329**

Thank you for the opportunity to provide testimony **in support** of HB 2659, which the rental housing revolving fund to be used to provide rent subsidies, loans, or grants to persons who qualify for social security disability benefits and are diagnosed with life-long, serious mental illnesses. I am Greg Payton, CEO of Mental Health Kokua (MHK).

Mental Health Kokua was established in 1973 as "The House," and MHK is the oldest social rehabilitation service provider in Hawaii. MHK's Mission: Through specially designed services and settings, Mental Health Kokua assists people with mental health and related challenges, to achieve optimum recovery and functioning in the community. MHK participates in Partners In Care, Oahu's Continuum of Care as defined by HUD. In the past year on Oahu, PIC has developed a coordinated entry system to more effectively and strategically help homeless adults with mental illness to navigate resources and be linked to housing. Once affordable rental housing is located, there is a need for rental subsidies.

The development of project-based housing as a bridge to permanent housing is difficult to develop due to high rental costs. Accordingly, the purpose of HB 2659 is to authorize the use of the rental housing revolving fund and dwelling unit revolving fund moneys for rent subsidies, and to provide for permanent housing, bridge housing, and specialized residential services for persons with serious mental illnesses.

HB 2659 is important to ending homelessness for adults with mental illness in Hawaii, because the wait for Section 8 vouchers and public housing exceeds two years. Housing is the central life domain for adults recovering from mental illness, eliminating the use of local hospital emergency rooms and other costly community services.

We thank you for your dedication to creating more subsidized housing. Please contact me at (808) 529-4554 or gpayton@mhkhawaii.org if you have any questions.

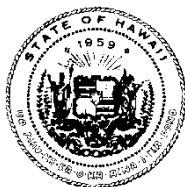


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DAVID Y. IGE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
Honolulu, Hawaii 96817

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

**HOUSE COMMITTEE ON HOUSING
and
HOUSE COMMITTEE ON HUMAN SERVICES**

February 9, 2016 8:30 A.M.
Room 329, Hawaii State Capitol

In consideration of

**House Bill 1958
RELATING TO A GENERAL EXCISE TAX EXEMPTION
FOR LOW INCOME RENTAL SUBSIDIES**

Honorable Chair Hashem and Chair Morikawa and Members of the House Committees on Housing and Human Services, thank you for the opportunity to provide testimony regarding House Bill (HB) 1958, relating to a general excise tax exemption for low income rental subsidies.

The Hawaii Public Housing Authority (HPHA) supports this measure as a creative way to incentivize landlords to rent their units to Section 8 holders by providing an exemption of rental subsidy payments from the State general excise tax. It often takes a Section 8 holder several months to find a landlord willing to accept the Section 8 voucher, leaving a family in a frustrating and uncertain state.

The HPHA appreciates the opportunity to provide the Houses Committees on Housing and Human Services with the HPHA's position regarding HB 1958. We thank you very much for your dedicated support in addressing the affordable housing crisis in Hawaii.

Council Chair
Mike White

Vice-Chair
Don S. Guzman

Presiding Officer Pro Tempore
Michael P. Victorino

Councilmembers
Gladys C. Baisa
Robert Carroll
Elle Cochran
Don Couch
Stacy Crivello
Riki Hokama

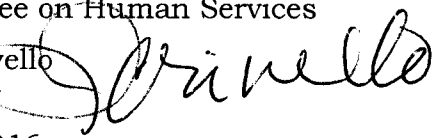


Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 3, 2016

TO: Honorable Mark J. Hashem, Chair
House Committee on Housing
Honorable Dee Morikawa, Chair
House Committee on Human Services

FROM: Stacy Helm Crivello
Councilmember 

DATE: February 05, 2016

SUBJECT: **HB 1958, RELATING TO A GENERAL EXCISE TAX EXEMPTION FOR
LOW INCOME RENTAL SUBSIDIES**

Thank you for the opportunity to testify in **support** of this important measure. The purpose of this measure is to exempt rental subsidy payments for Section 8 and Housing First Programs from the State general excise tax..

I **support** this measure for the following reasons:

1. Governor Ige signed an emergency proclamation declaring a state of emergency to tackle the homelessness problem affecting every county in the State.
2. Maui County is heeding the Governor's actions and taking a proactive approach to address the homeless crisis on our island with budgetary proposals to beef-up homeless outreach and programs and providing temporary shelters.
3. Exempting the general excise tax for low income rental subsidies is another weapon in the arsenal to fight the homeless crisis. The hope is the landlords will pass on the savings to the tenants in the Section 8 and Housing First programs.

For the foregoing reasons, I **support** this measure.

February 9, 2016

The Honorable Mark. J. Hashem, Chair

House Committee on Housing

The Honorable Dee Morikawa, Chair

House Committee on Human Services

State Capitol, Room 329

Honolulu, Hawaii 96813

RE: H.B. 1958, Relating to a General Excise Tax Exemption for Low Income Rental Subsidies

HEARING: Tuesday, February 9, 2016 at 8:30 a.m.

Aloha Chair Hashem, Chair Morikawa, and Members of the 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 8,800 members. HAR **supports the intent** of H.B. 1958 which exempts rental subsidy payments for Section 8 and Housing First Programs from the state general excise tax.

In November 2015, HAR worked with the State, City and County of Honolulu, and various social service providers to host a Landlord Summit. The goal was to educate landlords on the various government and social service programs that are available. Through the process, it is clear that there is a need for both affordable housing and rentals and we need to work together on creative solutions to address housing and homelessness.

As such, HAR applauds this innovative plan to offer a GET incentive for Section 8 and Housing First landlords.

Mahalo for the opportunity to testify.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exemption for Housing Subsidies

BILL NUMBER: HB 1958; SB 2089 (Identical)

INTRODUCED BY: HB by HASHEM, CACHOLA, CREAGAN, ICHIYAMA, JOHANSON, JORDAN, KEOHOKALO, KOBAYASHI, LOPRESTI, LOWEN, MORIKAWA, NISHIMOTO, OSHIRO, TOKIOKA, WOODSON; SB by CHUN OAKLAND, HARIMOTO, Baker, Keith-Agaran

EXECUTIVE SUMMARY: Exempts rent assistance payments. The exemption would be taken by the landlord, similar to how the exemption for food stamps is taken by the grocery store.

BRIEF SUMMARY: Adds a new paragraph to HRS section 237-24.7 to exempt from the GET amounts received from a government public housing agency or non-profit organization for the subsidization of rent for individuals or families participating in a Title 42 United States Code section 1437 assisted housing program or federal, state, or county housing first program.

EFFECTIVE DATE: Applies to gross income or gross proceeds received after December 31, 2015.

STAFF COMMENTS: The Hawaii General Excise Tax is a business privilege tax and it applies to rent. Accordingly, landlords who receive rental assistance payments for their tenants need to include those amounts in taxable income. The exemption would, therefore, be taken by the landlord in the same way that the exemption in HRS section 237-24.3(5) for food stamps is taken by the grocery store. This exemption may help mitigate the regressivity of the GET toward the renters benefited by the programs.

Digested 1/29/2016

jordan3-Kevin

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 01, 2016 12:27 PM
To: HSGtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB1958 on Feb 9, 2016 08:30AM*

HB1958

Submitted on: 2/1/2016

Testimony for HSG/HUS on Feb 9, 2016 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	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.

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