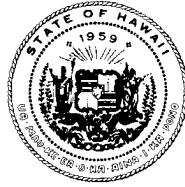




HB 283 HD1

| | |
|-------------------|---|
| Measure Title: | RELATING TO A GENERAL EXCISE TAX EXEMPTION FOR MIXED-USE HOUSING PROJECTS. |
| Report Title: | General Excise Tax Exemption; Mixed-Use Projects |
| Description: | Establishes an exemption from general excise taxes for the development of mixed-use projects incorporating affordable housing units on state or county lands. (HB283 HD1) |
| Companion: | |
| Package: | None |
| Current Referral: | HSH, WAM |
| Introducer(s): | HASHEM |

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

SENATE COMMITTEE ON HUMAN SERVICES AND HOUSING

March 17, 2015 at 1:20 p.m.
State Capitol, Room 016

In consideration of
H.B. 283, H.D. 1
RELATING TO A GENERAL EXCISE TAX EXEMPTION FOR MIXED-USE HOUSING PROJECTS.

The HHFDC ***supports the intent*** of H.B. 283, H.D. 1. This bill would allow HHFDC to certify for exemption from general excise taxes mixed-use projects that provide affordable housing in location efficient areas, defined as on State or County lands within half a mile of mass transit stations. HHFDC believes that this would provide a valuable incentive for the development of efficient and affordable housing in mixed-use developments near transit stations.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

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

To: The Honorable Suzanne Chun Oakland, Chair
and Members of the Senate Committee on Human Services and Housing

Date: Tuesday, March 17, 2015
Time: 1:20 P.M.
Place: Conference Room 016, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 283, H.D. 1, Relating to a General Excise Tax Exemption for
Mixed-Use Housing Projects

The Department of Taxation (Department) appreciates the intent of H.B. 283, H.D. 1, and provides the following information and comments. The Department defers to the Department of Business, Economic Development, and Tourism and the Hawaii Housing Finance and Development Corporation (HHFDC) on the merits of this bill. H.D.1 has a defective effective date of July 1, 2050.

H.B. 283, H.D. 1 creates an exemption from the general excise tax (GET) for the development of mixed-use projects on certain state and county land located within half a mile of a mass transit station. HHFDC will be responsible for certifying the GET exemption and transmitting the certification to the Department. Unlike other receipts which are exempted from GET, this bill expressly imposes the Honolulu county surcharge on these mixed-use projects.

This committee previously held a hearing on S.B. 971, which amends section 201H-36, Hawaii Revised Statutes, by requiring housing projects to enter into regulatory agreements with HHFDC to obtain certification for GET exemptions. The regulatory agreements will require housing projects to remain affordable for set minimum periods of time.

Whereas H.B. 283 adds a new type of housing project eligible for GET exemption, S.B. 971 amends HHFDC's certification process for housing projects.

Department of Taxation Testimony
HSH HB 283, HD 1
March 17, 2015
Page 2 of 2

The Department notes that H.B. 283, H.D. 1 will likely require a change in forms and/or instructions. Accordingly, if this bill is adopted, the Department requests that it take effect no earlier than January 1, 2016.

Thank you for the opportunity to provide comments.

March 17, 2015

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

RE: H.B. 283, H.D.1, Relating to General Excise Tax Exemption for Mixed-Use Housing Projects

HEARING: Tuesday, March 17, 2015, at 1:20 p.m.

Aloha Chair Chun Oakland, Vice Chair Green, 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 8,400 members. HAR **supports the intent** of H.B. 283, which establishes an exemption from general excise taxes for the development of mixed-use projects incorporating affordable housing units on state or county lands.

H.B. 283 would encourage private sector investment and construction of housing for Hawaii's families by creating much needed units in Hawaii. It would also provide opportunities to qualified investors for a variety of housing developments and allocate exemptions necessary to ensure the financial feasibility of those developments.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing. As such, this measure may help expand the much needed housing opportunities for Hawaii's families struggling to make ends meet and continue to address the States unique challenges related to affordable rentals.

Mahalo for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [HSH Testimony](#)
Cc: darakawa@lurf.org
Subject: Submitted testimony for HB283 on Mar 17, 2015 13:20PM
Date: Wednesday, March 11, 2015 8:57:05 PM

HB283

Submitted on: 3/11/2015

Testimony for HSH on Mar 17, 2015 13:20PM in Conference Room 016

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|--|---------------------------|---------------------------|
| David Z. Arakawa | Land Use Research Foundation of Hawaii | Support | No |

Comments: The Land Use Research Foundation of Hawaii SUPPORTS HB 283, HD1, Relating to a General Excise Tax (GET) Exemption for Mixed-Use Housing Projects, which establishes an exemption from GET for the development of mixed-use projects incorporating affordable Housing units on State or County lands. (HB 283, HD1)

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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TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exempt mixed-use project in a location-efficient area

BILL NUMBER: HB 283, HD-1

INTRODUCED BY: House Committee on Housing

BRIEF SUMMARY: Adds a new section to HRS chapter 201H to allow the Hawaii housing finance and development corporation (HHFDC) to approve and certify any qualified person or firm involved in the development of affordable housing in a newly constructed, or moderately or substantially rehabilitated, mixed-use project within a location-efficient area for the purposes of receiving the general excise tax exemption under HRS sections 201H-36 and 237-29 in taxable years beginning after December 31, 2016. Requires any claim for the exemption to be filed with the HHFDC and forwarded to the department of taxation.

Defines “location-efficient area” as one or more contiguous parcels of land aggregating one or more acres that are owned by the state or county, one parcel of which is located within half a mile of a rail transit station. Defines “mixed-use project” for purposes of the measure.

Amends HRS sections 237-8.6(d) and 238-2.6(c) to provide that the county surcharge on state tax shall be imposed on such projects subject to the general excise tax exemption.

Makes other nontax amendments to facilitate discussion between state and county agencies regarding the potential impacts of the rail transit system as it relates to population growth and housing.

EFFECTIVE DATE: July 1, 2050

STAFF COMMENTS: Currently, the HHFDC may certify affordable rental housing projects under HRS 201H-36 as qualifying for the exemption under HRS 237-29. This measure proposes to extend the general excise tax exemption to any qualified person or firm involved in the development of affordable housing in a mixed-use project within a location-efficient area. Thus, it would appear that the exemption would not only be applicable to development of affordable housing, but also to the rest of the project.

The bill provides that certified amounts are exempt from general excise or use tax but are *not* exempt from the Honolulu county surcharge. This is curious, and adds complexity to the system because the surcharge is presently designed to apply only to amounts subject to the general excise or use tax at the 4% retail rate. (We suspect that a redesign of Forms G-45 and G-49 could be required, with the attendant administrative costs.)

Digested 2/25/15

From: mailinglist@capitol.hawaii.gov
To: [HSH Testimony](#)
Cc: jamesjtz@aol.com
Subject: *Submitted testimony for HB283 on Mar 17, 2015 13:20PM*
Date: Sunday, March 15, 2015 10:52:15 PM

HB283

Submitted on: 3/15/2015

Testimony for HSH on Mar 17, 2015 13:20PM in Conference Room 016

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| James Gauer | Individual | Support | No |

Comments:

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From: mailinglist@capitol.hawaii.gov
To: [HSH Testimony](#)
Cc: dkk@hawaiiantel.net
Subject: Submitted testimony for HB283 on Mar 17, 2015 13:20PM
Date: Sunday, March 15, 2015 3:14:25 PM

HB283

Submitted on: 3/15/2015

Testimony for HSH on Mar 17, 2015 13:20PM in Conference Room 016

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Deborah Kimball | Individual | Comments Only | No |

Comments: I have learned through painful experience to oppose the term "affordable" unless this law or bill defines the group it is affordable for. State & county-owned lands are clearly the thriftiest way to build, so should certainly be used for low-income! Mahalo for your thoughtful response.

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