

HB 906 HD1

Measure Title:	RELATING TO GENERAL EXCISE TAX EXEMPTIONS FOR CERTIFIED OR APPROVED HOUSING PROJECTS.
Report Title:	General Excise Tax Exemptions for Certified or Approved Housing Projects
Description:	Ensures that certain eligible housing projects will remain affordable for certain minimum periods to be certified for exemption from general excise taxes. (HB906 HD1)
Companion:	SB1075
Package:	Governor
Current Referral:	HSH, WAM
Introducer(s):	SOUKI (Introduced by request of another party)



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
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. 906, H.D. 1
**RELATING TO GENERAL EXCISE TAX EXEMPTIONS FOR CERTIFIED OR
APPROVED HOUSING PROJECTS.**

Chair Chun Oakland, and Members of the Senate Committee on Human Services and Housing.

DBEDT **supports** H.B. 906, H.D. 1, an Administration bill. This bill would require owners of certain rental housing projects seeking General Excise Tax (GET) exemptions for construction expenditures under section 201H-36, HRS, to maintain certain minimum periods of project affordability to ensure that any project improvements exempted from the GET will benefit lower income households.

DBEDT respectfully requests that the Committee pass this bill. Thank you for the opportunity to testify.

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
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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. 906, H.D. 1
**RELATING TO GENERAL EXCISE TAX EXEMPTIONS FOR CERTIFIED OR
APPROVED HOUSING PROJECTS.**

HHFDC **supports** H.B. 906, H.D. 1, an Administration bill clarifying that affordable rental projects must remain affordable for a reasonable minimum period to be eligible for an exemption from General Excise Taxes (GET) for construction, pursuant to section 201H-36, Hawaii Revised Statutes. H.B. 906, H.D. 1 is similar to S.B. 971, S.D. 1, previously heard by this Committee.

Presently, there is no minimum statutory affordability term required of rental projects constructed without government assistance seeking a GET exemption under this section. H.B. 906, H.D. 1, would ensure that any improvements to the project that are exempted from GET will accrue to the benefit of lower income households for a reasonable period of time. We respectfully request your favorable consideration of this bill.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



MARIA E. ZIELINSKI
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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. 906, H.D. 1, Relating to General Excise Tax Exemptions for Certified or
Approved Housing Projects

The Department of Taxation (Department) appreciates the intent of H.B. 906, H.D. 1, an Administrative measure, and provides the following comments for your consideration. The Department defers to the Hawaii Housing Finance and Development Corporation (HHFDC) on the merits of this bill.

H.B. 906, H.D. 1 requires that certain eligible housing projects remain affordable for set minimum periods of time in order for a taxpayer to be certified as exempt from the General Excise Tax (GET). The intent of the measure is to ensure that any project which is exempted from the GET will actually benefit lower income households by requiring the eligible housing project to remain affordable for set periods of time, depending on the nature and the extent of the project. H.D.1 has a defective effective date of July 1, 2050.

Under section 201H-36, Hawaii Revised Statutes, HHFDC certifies that a housing project is entitled to the GET exemption, and upon such certification, a taxpayer is entitled to claim the GET exemption. As the regulatory agreements and the determination of whether a taxpayer is eligible for the exemption remain with HHFDC, this measure will not have an administrative impact on the Department.

Thank you for the opportunity to provide comments.