

STAND. COM. REP. NO.

1029

Honolulu, Hawaii

MAR 23 2017

RE: H.B. No. 1179  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1179, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Expand the types of rental housing projects that can be exempt from general excise taxes; and
- (2) Allow the terms of collective bargaining agreements and associated provisions to be deemed the prevailing wages and terms serving as the basis of compliance with chapter 104, Hawaii Revised Statutes, for the construction of certain rental housing projects.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations, Hawaii Housing Finance and Development Corporation, Office of the Mayor of the County of Hawaii, Pacific Resource Partnership, Hawaii Construction Alliance, Hawaii Rental Housing Coalition, and one individual. Your Committee received comments on this measure from the Department of Taxation, Hawaii Community Development Authority, and Tax Foundation of Hawaii.



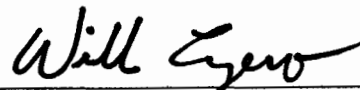
Your Committee finds that a critical shortage of affordable housing exists in Hawaii. Your Committee further finds that, of the estimated 64,700 housing units required to meet projected long-term housing demands, over 22,200 are rental units. Your Committee additionally finds that high costs associated with constructing and operating rental housing discourage developers from producing needed affordable rental units. This measure will establish a tax incentive and simplify wage law compliance for developers and contractors who build affordable rental housing units.

Your Committee has amended this measure by:

- (1) Allowing the terms of project labor agreements to be deemed prevailing wages when those terms conform to the Hawaii prevailing wage schedule and the amount of wages have been approved by the Director of Labor and Industrial Relations;
- (2) Applying the tax credit to taxable years beginning after December 31, 2017; and
- (3) 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 Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1179, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1179, H.D. 2, S.D. 1, and be referred to your Committees on Judiciary and Labor and Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Housing,



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WILL ESPERO, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Housing**  
**HOU**

Bill / Resolution No.:* <b>HB 1179 HD2</b>	Committee Referral: <b>HOU, JDL/WAM</b>	Date: <b>3/21/17</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
ESPERO, Will (C)	✓			
HARIMOTO, Breene (VC)	✓			
KAHELE, Kaiali'i				✓
KEITH-AGARAN, Gilbert S.C.				✓
NISHIHARA, Clarence K.	✓			
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Breene Harit</i>				
Distribution:             Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes