

Honolulu, Hawaii

February 15, 2018

RE: H.B. No. 1683
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1683 entitled:

"A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX,"

begs leave to report as follows:

The purpose of this measure is to support the counties' efforts to increase the supply of affordable housing by establishing an additional conveyance tax on the sale of condominiums and single family residences with values of more than \$2,000,000, and allocating the revenue from the additional conveyance tax to the respective county's affordable housing fund.

The Office of Hawaiian Affairs, Chair of the Maui County Council, and League of Women Voters of Hawaii supported this measure. The Hawaii Housing Finance and Development Corporation, Hawaii Association of REALTORS, and Land Use Research Foundation of Hawaii opposed this measure. The Department of Taxation, EAH Housing, and Tax Foundation of Hawaii offered comments for this measure.

Your Committee finds that further examination of the costs and benefits of establishing a new conveyance tax rate for the purpose of supporting the counties' efforts to increase the supply of affordable housing is needed in order to avoid unintended, and possibly unwanted, consequences.



Your Committee has amended the measure by:

- (1) Specifying that the new conveyance tax rate applies to properties with a value of at least \$2,000,000;
- (2) Changing the effective date to January 1, 2019;
- (3) Changing the repeal date to December 31, 2023, and reenacting the statutes affected by this Act in the form in which they read on December 31, 2018; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 1683, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1683, H.D. 1, and be referred to your Committee on Finance.

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



TOM BROWER, Chair



