Honolulu, Hawaii

February 15, 2018

RE: H.B. No. 2750

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. 2750 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to amend the conveyance tax statute by amending the conveyance tax rates, exempting affordable housing projects subject to a government assistance program qualified by the Hawaii Housing Finance and Development Corporation and administered or operated by the state or federal government from the conveyance tax, and increasing conveyance tax allocations to the Land Conservation Fund and the Rental Housing Revolving Fund.

Catholic Charities Hawaii supported this measure. The Hawaii Association of REALTORS opposed this measure. The Hawaii Housing Finance and Development Corporation, Department of Land and Natural Resources, and Department of Taxation offered comments for this measure.

Your Committee finds that exempting affordable housing projects from the conveyance tax to address the need for affordable housing in Hawaii requires additional examination. Your Committee notes the Department of Taxation's testimony that

the exemption proposed in this measure would be the first policy-based exemption from the conveyance tax.

Your Committee has amended this measure by:

- (1) Reinstating the current six percent rate at which lease rentals are capitalized;
- (2) Changing the effective date to January 1, 2019, to allow the Department of Taxation time to update the relevant forms and instructions; and
- (3) 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. 2750, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2750, H.D. 1, and be referred to your Committee on Finance.

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



State of Hawaii House of Representatives The Twenty-ninth Legislature

HSCR 483-18

Record of Votes of the Committee on Housing

Bill/Resolution No.: HB 2750	Committee Referral: HSG, FIN	Date	216/	18
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)	J			
2. NAKAMURA, Nadine K. (VC)				
3. AQUINO, Henry J.C.				
4. HASHEM, Mark J.	J			
5. QUINLAN, Sean		Na a a la la comunició		
CAN DUENA VENTUDA LOS A				
6. SAN BUENAVENTURA, Joy A.				
7. McDERMOTT, Bob				×
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TOTAL (7)	6	0	0	1
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				