

STAND. COM. REP. NO. 483-18

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

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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,



TOM BROWER, Chair



