

Honolulu, Hawaii

FEB 17 2017

RE: S.B. No. 1105
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 S.B.
No. 1105 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 Hawaii Housing Finance and Development Corporation, Pacific Resource Partnership, Hawaii Construction Alliance, Hawaii Rental Housing Advisory Committee, and one individual. Your Committee received testimony in opposition to this measure from the General Contractors Association of Hawaii. Your Committee received comments on this measure from the Department of Taxation, Department of Labor and Industrial Relations, Hawaii Community Development Authority, and Tax Foundation of Hawaii.



Your Committee finds that the State is experiencing a critical shortage of affordable housing. Your Committee further finds that groups of private sector entities related to construction and development have taken steps to improve the economics of building and operating rental housing in Hawaii. This measure will support the work of private development entities to provide affordable housing units by expanding the types of projects that may be exempt from general excise taxes.

Your Committee has heard the testimony of the General Contractors Association of Hawaii expressing concerns that the tax credit provided in this measure appears to apply only to signatories to collective bargaining agreements. Your Committee finds that this issue raises concerns that merit further consideration and requests that your Committees on Judiciary and Labor and Ways and Means further examine those concerns.

Your Committee has amended this measure by:

- (1) Adding language clarifying the level of the prevailing wage if a collective bargaining agreement does not include provisions on wages;
- (2) Adding language providing that the tax credit established by the measure shall apply to taxable years beginning after December 31, 2017;
- (3) Inserting a blank sunset date; and
- (4) Making a technical, nonsubstantive amendment 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 S.B. No. 1105, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1105, 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,

Will Espero

WILL ESPERO, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* SB 1105	Committee Referral: HOU, JDL/WAMA	Date: 2/14/17		
<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.				✓
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes