

Honolulu, Hawaii

FEB 14 2019

RE: S.B. No. 1120
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 1120 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Increase the conveyance tax rate for properties with a value of at least \$2,000,000;
- (2) Amend the calculation for the amount of conveyance taxes to be deposited into the rental housing revolving fund;
- (3) Exempt from the conveyance tax documents or instruments conveying real property subject to a government assistance program and used for the provision of affordable housing for qualified persons in the State.

Your Committee received testimony in support of this measure from the League of Women Voters, Church of the Crossroads, Faith Action for Community Equity, and thirteen individuals. Your Committee received testimony in opposition to this measure from the Land Use Research Foundation of Hawaii, NAIOP Commercial Real Estate Development Association Hawaii Chapter, and Hawai'i Association of REALTORS. Your Committee received comments on this



measure from the Department of Taxation, Hawaii Housing Finance and Development Corporation, and Tax Foundation of Hawaii.

Your Committee finds that existing law dedicates the lesser of a certain percentage or monetary amount of the conveyance taxes collected for deposit into the rental housing revolving fund. Monies in the rental housing revolving fund are used to provide loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units. This measure is intended to increase conveyance tax revenue derived from high-value properties, and facilitate the availability of additional monies for affordable rental housing finance and development in the State.

Your Committee has amended this measure by:

- (1) Removing the conveyance tax increases for the transfer or conveyance of property that is not a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption;
- (2) Clarifying that any document or instrument conveying real property is exempt from the conveyance tax if the real property being conveyed is for the development or acquisition of affordable housing for qualified persons and subject to a government assistance program approved and certified by the Hawaii Housing Finance and Development Corporation;
- (3) Defining "affordable housing" and "qualified person"; and
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion.

Your Committee notes that the Department of Taxation requested in testimony, an effective date of January 1, 2020.

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. 1120, as amended herein, and recommends that it pass Second



Reading in the form attached hereto as S.B. No. 1120, S.D. 1, and
be referred to your Committee on Ways and Means.

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


STANLEY CHANG, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1120	HOU, WAM	2/7/2019		
<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
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
MORIWAKI, Sharon Y.	✓			
THIELEN, Laura H.				✓
FEVELLA, Kurt	✓			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-size: 2em;">DK</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes