

Honolulu, Hawaii

FEB 13 2019

RE: S.B. No. 867

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. 867
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) Remove certain limits on costs eligible for a general excise tax exemption for newly constructed or renovated affordable rental housing projects; and
- (2) Make permanent provisions relating to the types of rental housing projects that are exempt from the general excise tax and prevailing wages for the construction of certain rental housing projects.

Your Committee received testimony in support of this measure from the O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i. Your Committee received comments on this measure from the Department of Taxation and Hawaii Housing Finance and Development Corporation.

Your Committee finds that additional incentives are needed to increase rental housing development to meet housing demand, particularly for affordable housing units. Under existing law, the Hawaii Housing Finance and Development Corporation is



authorized to certify general excise tax exemptions for affordable rental housing projects that meet certain criteria. This measure proposes the repeal of some of those criteria, thereby allowing more projects to be certified for the tax exemption and inducing the development of more affordable housing in Hawaii.


Your Committee has heard the testimony of the Hawaii Housing Finance and Development Corporation in regard to the lack of participation in this general excise tax exemption. Your Committee believes that this exemption is advantageous for developers and requests further information as to why this exemption has had no applicants since its inception pursuant to Act 54, Session Laws of Hawaii 2017.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments 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. 867, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 867, S.D. 1, and be referred to your Committee on Ways and Means.

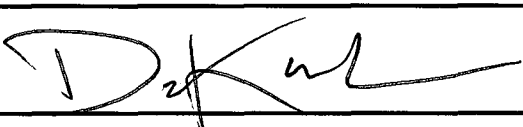
Respectfully submitted on
behalf of the members of the
Committee on Housing,


STANLEY CHANG, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* SB 867	Committee Referral: HOU, WAM	Date: 2/5/2019		
<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: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes