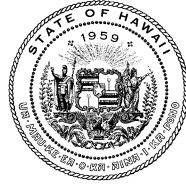


**DAVID Y. IGE**  
GOVERNOR

**JOSH GREEN M.D.**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

P.O. BOX 259  
HONOLULU, HAWAII 96809  
Phone: (808) 587-1540  
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**RONA M. SUZUKI**  
DIRECTOR OF TAXATION

**DAMIEN A. ELEFANTE**  
DEPUTY DIRECTOR

To: The Honorable Sylvia Luke, Chair;  
The Honorable Ty J.K. Cullen, Vice Chair;  
and Members of the House Committee on Finance

From: Rona M. Suzuki, Director  
Department of Taxation

**Re: H.B. 2448, H.D. 1, Relating to Affordable Housing**

Date: Thursday, February 20, 2020

Time: 1:00 P.M.

Place: Conference Room 308, State Capitol

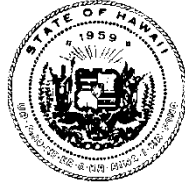
The Department of Taxation (Department) appreciates the intent of H.B. 2448, H.D. 1, and provides the following comments.

H.B. 2448, H.D. 1, expands the general excise tax (GET) exemption for certain low-income housing projects certified by the Hawaii Housing Finance Development Corporation (HHFDC) to include "third-party consulting" work. H.B. 2448, H.D. 1, also clarifies the timing of applicability of the GET exemption for any project certified by HHFDC. H.B. 2448, H.D. 1, has a defective effective date of July 1, 2025.

Under Hawaii Revised Statutes section 201H-36, HHFDC is responsible for certifying that a project is entitled to the GET exemption. Therefore, the Department defers to HHFDC regarding the merits of the expansion of the GET exemption and the extent to which this exemption may be claimed.

Thank you for the opportunity to provide comments.

DAVID Y. IGE  
GOVERNOR



DENISE ISERI-MATSUBARA  
INTERIM EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of  
**DENISE ISERI-MATSUBARA**  
Hawaii Housing Finance and Development Corporation  
Before the

**HOUSE COMMITTEE ON FINANCE**

February 20, 2020 at 1:00 p.m.  
State Capitol, Room 308

In consideration of  
**H.B. 2448, H.D. 1**  
**RELATING TO AFFORDABLE HOUSING.**

HHFDC offers the following comments to H.B. 2448, H.D. 1, which provides that the exemption from the General Excise Tax (GET) for certified or approved housing projects will be granted upon recordation of the project regulatory agreement.

This bill may not be needed for the following reasons:

1. Pursuant to Section 201H-36(b), HRS, to obtain certification for exemption from GET, projects are required to enter into a regulatory agreement with the HHFDC; and
2. HHFDC's administrative rules for the program, Chapter 15-306, HAR, clearly state that the GET exemption shall be issued within 10 days of recordation of a project regulatory agreement committing the project to the appropriate minimum affordability terms as required in Section 201H-36(b), HRS.

Thank you for the opportunity to testify.

**LATE**

**HB-2448-HD-1**

Submitted on: 2/20/2020 9:00:25 AM

Testimony for FIN on 2/20/2020 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Elton Wong	Individual	Support	No

Comments:

I am in support of the much needed affordable housing for working families. An exemption from general excise taxes will shave off 5% the cost to plan, design, construct and operate affordable housing projects. This will make these projects more financially feasible. Please move this bill forward.

Thank you.

**LATE**

**HB-2448-HD-1**

Submitted on: 2/20/2020 10:35:10 AM

Testimony for FIN on 2/20/2020 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
YUEHONG YEYH	Individual	Support	No

Comments:

TO: The Honorable Sylvia Luke, Chair

House Committee on Finance

The Honorable Ty Cullen, Vice Chair

House Committee on Finance

FROM: Yuehong Yeh

SUBJECT: HEARING OF FEBRUARY 20, 2020; TESTIMONY IN SUPPORT OF HB 2448 HD1 RELATING TO AFFORDABLE HOUSING

Thank you for the opportunity to testify in **support** of this important measure. The Joint Economic Package of bills made it clear that affordable housing is one of the State's priorities. According to a study prepared by SMS Research & Marketing Services, Hawai'i will need an additional 50,156 housing units by 2025 with nearly seventy percent of those units designated as low-income households. The general excise tax established by section 201H-36, Hawaii Revised Statutes has been approved by the Hawaii housing finance and development corporation. An exemption shall be provided once the qualified person or firm has filed or recorded the regulatory agreement in land court or the bureau of conveyances. This addresses the backlog that prevents many affordable housing developers from beginning their projects. Incentivizing affordable housing developers is the first step, but it will take systemic change to address the housing crisis.

**LATE**

**HB-2448-HD-1**

Submitted on: 2/20/2020 10:55:04 AM

Testimony for FIN on 2/20/2020 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alden Kajioka	Individual	Support	No

Comments:

TO: The Honorable Sylvia Luke, Chair

House Committee on Finance

The Honorable Ty Cullen, Vice Chair

House Committee on Finance

FROM: Alden Kajioka

SUBJECT: HEARING OF FEBRUARY 20, 2020; TESTIMONY IN SUPPORT OF HB 2448 HD1 RELATING TO AFFORDABLE HOUSING

Thank you for the opportunity to testify in **support** of this important measure. The Joint Economic Package of bills made it clear that affordable housing is one of the State's priorities. According to a study prepared by SMS Research & Marketing Services, Hawai'i will need an additional 50,156 housing units by 2025 with nearly seventy percent of those units designated as low-income households. The general excise tax established by section 201H-36, Hawaii Revised Statutes has been approved by the Hawaii housing finance and development corporation. An exemption shall be provided once the qualified person or firm has filed or recorded the regulatory agreement in land court or the bureau of conveyances. This addresses the backlog that prevents many affordable housing developers from beginning their projects. Incentivizing affordable housing developers is the first step, but it will take systemic change to address the housing crisis.



**LATE**

February 20, 2020

Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
Members of the House Committee on Finance

**RE: HB 2448, HD1 – RELATING TO AFFORDABLE HOUSING**  
**Hearing date – February 20, 2020 at 1:00 p.m.**

Aloha Chair Luke, Vice Chair Cullen and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **SUPPORT** of HB 2448, HD1 – RELATING TO AFFORDABLE HOUSING. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

HB 2448, HD1 would provide that exemptions from the general excise tax for HRS § 201H-36 projects shall be provided once the developer has recorded the project agreement. This bill will help incentivize developers to construct affordable housing within the state to address the affordable housing crisis, which requires an additional 50,156 housing units by 2025 for all levels of households. For these reasons we support HB 2448, HD1.

Mahalo for your consideration,

Catherine Camp, President  
NAIOP Hawaii