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To: The Honorable Tom Brower, Chair
and Members of the House Committee on Housing

Date: Tuesday, March 12, 2019

Time: 9:30 A.M.

Place: Conference Room 423, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 867 S.D. 1, Relating to Housing

The Department supports the intent of this measure, defers to the Hawaii Housing Finance and Development Corporation (HHFDC) on the merits of this bill, and provides the following comments regarding S.B. 867, S.D. 1, for your consideration.

S.B. 867, S.D. 1, removes the \$30 million per year aggregate cap on construction costs eligible for the general excise tax exemption for substantially renovated projects, and makes permanent the amendments to section 201H-36, Hawaii Revised Statutes made by Act 54, Session Laws of Hawaii (SLH) 2017, as amended by Act 39, SLH 2018. The Senate Committee on Housing defected the effective date to July 1, 2050.

This measure does not have a significant administrative impact on the Department. As such, the Department is able to administer the changes, assuming that it is effective on July 1, 2019 as set forth in the original version of this measure.

Thank you for the opportunity to provide comments.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
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IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

March 12, 2019 at 9:30 a.m.
State Capitol, Room 423

In consideration of
S.B. 867, S.D. 1
RELATING TO HOUSING.

The HHFDC ***offers the following comments*** on S.B. 867, S.D. 1. HHFDC believes that this measure may be premature, as HHFDC has yet to receive any applicants for the General Excise Tax (GET) exemptions established by Act 54, Session Laws of Hawaii (SLH) 2017, as amended by Act 39, SLH 2018.

Since its enactment, HHFDC promulgated amendments to its administrative rules for the GET exemption program to add a new subchapter implementing the exemptions authorized by Act 54, SLH 2017 as amended, in consultation with stakeholders, the Department of Labor and Industrial Relations, and the Department of Taxation. The rules were effective on October 28, 2018, and may be found on the HHFDC website at the following link: <https://dbedt.hawaii.gov/hhfdc/files/2018/10/201809261358ES-Approved-HAR-Chapter-15-306-GET-Exemptions.pdf>.

Thank you for the opportunity to testify.