

Honolulu, Hawaii
MAR 24 , 2022

RE: S.B. No. 3048
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 3048, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO STATE FUNDS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the Director of Finance to transfer excess tax-exempt general obligation bond proceeds and accrued interest from the Rental Housing Revolving Fund to the Dwelling Unit Revolving Fund;
- (2) Authorize the Rental Housing Revolving Fund to be used for the Hawaii Housing Finance and Development Corporation's housing finance programs;
- (3) Establish one full-time equivalent housing finance specialist position within the Hawaii Housing Finance and Development Corporation; and
- (4) Appropriate funds to the Hawaii Housing Finance and Development Corporation for hardware, software, and digitization efforts.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and Hawaii Housing Finance and Development Corporation. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that the Rental Housing Revolving Fund contains legacy funds derived from tax-exempt general obligation bond proceeds. These funds cannot be deployed for affordable rental housing development, because under United States Treasury regulations, tax-exempt funds cannot be used to finance projects that also use Low-Income Housing Tax Credits.

Your Committee further finds that to be used on Low-Income Housing Tax Credit projects, funds must be taxable general obligation bond proceeds. Once transferred to the Dwelling Unit Revolving Fund, these funds can be used to fulfill the Hawaii Housing Finance and Development Corporation's existing infrastructure obligations or other government infrastructure projects.

Your Committee has amended this measure by:

- (1) Establishing two full-time equivalent (2.0 FTE) housing financial specialist I positions within the Hawaii Housing Finance and Development Corporation, instead of one full-time equivalent (1.0 FTE) position;
- (2) Combining the appropriations in this measure into a single appropriation specifically for computer software and hardware; information technology improvements; videoconferencing improvements; and scanning and digitization equipment, services, and warranties; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests that should your Committee on Finance deliberate on this matter further, that it consider:

- (1) Authorizing the Director of Finance to transfer \$45,000,000 in tax-exempt general obligation bond proceeds and accrued interest for fiscal year 2022-2023



from the Rental Housing Revolving Fund to the Dwelling Unit Revolving Fund; and

- (2) Appropriating \$1,600,000 for fiscal year 2022-2023 for computer software and hardware; information technology improvements; videoconferencing improvements; and scanning and digitization equipment, services, and warranties.

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. 3048, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3048, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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


NADINE K. NAKAMURA, Chair



