STAND. COM. REP. NO. 526

Honolulu, Hawaii

FEB 1 9 2021

RE: S.B. No. 39 S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirty-First State Legislature Regular Session of 2021 State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 39 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to remove the limit on the types of eligible costs for exemption from general excise tax for the development of affordable rental housing.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation, Kohala Coast Resort Association, Hawaii Regional Council of Carpenters, Schatz Collaborative, and one individual. Your Committee received comments on this measure from the Department of Labor and Industrial Relations.

Your Committee finds that there is a severe shortage of affordable housing in Hawaii. A recent study by the Department of Business, Economic Development, and Tourism found that Hawaii is not producing enough new housing to meet the anticipated demand through the year 2025. By removing the limits on general excise tax exemptions with respect to qualifying costs and restrictions on the receipt of certain governmental funding, this measure will encourage developers and construction companies to build more affordable housing across the State. Your Committee also notes the testimony of the Hawaii Regional Council of Carpenters as well



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as Schatz Collaborative that language of section 104-2(i)(3), Hawaii Revised Statutes, might prevent developers from taking advantage of county-level incentives like the City and County of Honolulu's Ordinance No. 18-01, which provides real property tax exemptions and waivers pertaining to certain affordable housing projects. By removing that section from the Hawaii Revised Statutes, developers may be able to make affordable housing projects more financially feasible.

Accordingly, your Committee has amended this measure by repealing section 104-2(i)(3), Hawaii Revised Statutes.

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. 39, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 39, 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,



The Senate Thirty-First Legislature State of Hawaiʻi

Record of Votes Committee on Housing HOU

Bill / Resolution No.:*	Committee	Referral:	Da	te:	
SB 39	HOU,	WAM		2191	151
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)					
KANUHA, Dru Mamo (VC)					
MORIWAKI, Sharon Y.					
RHOADS, Karl		V			
FEVELLA, Kurt		\checkmark			
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TOTAL		5	Ó	Ð	0
Recommendation:					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only <u>one</u> measure per Record of Votes