

STAND. COM. REP. NO.

716

Honolulu, Hawaii

FEB 17, 2023

RE: H.B. No. 1211

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Water & Land, to which was referred H.B. No. 1211 entitled:

"A BILL FOR AN ACT RELATING TO CONVEYANCE TAX,"

begs leave to report as follows:

The purpose of this measure is to increase the conveyance tax rate for certain properties.

Your Committee received testimony in support of this measure from Catholic Charities Hawai'i, Partners in Care, Democratic Party of Hawai'i Education Caucus, Imua Alliance, Hope Services Hawai'i, and two individuals. Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS, Land Use Research Foundation of Hawaii, NAIOP Hawaii, and two individuals. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, Grassroot Institute of Hawaii, and two individuals.

Your Committee finds that additional state revenues are greatly needed to address Hawaii's affordable-housing crisis and to end homelessness.

Accordingly, your Committee has amended this measure by:

- (1) Establishing a Homeless Services Fund;

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- (2) Adding exemptions from the conveyance tax for:
 - (A) Real property for the development or acquisition of affordable housing for qualified persons and subject to a government assistance program approved and certified by the Hawaii Housing Finance and Development Corporation and administered or operated by the Corporation, or any of its instrumentalities, corporate or otherwise, under certain conditions;
 - (B) Real property with a value of less than \$2,000,000 that is conveyed to first-time homebuyers who have resided in the State for at least five years and will occupy the real property as their primary residence; and
 - (C) Real property that is conveyed to a nonprofit organization that will hold the property in an undeveloped state and for conservation purposes in perpetuity;
- (3) Eliminating the cap on the amount of conveyance tax collections allocated to the Land Conservation Fund;
- (4) Eliminating the cap on the amount of conveyance tax collections allocated to the Rental Housing Revolving Fund;
- (5) Allocating ten percent of conveyance tax collections to the Homeless Services Fund;
- (6) Changing its effective date to June 30, 3000, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that the Department of Taxation suggested amending the measure to apply to transfers of interests in real property dated after December 31, 2023, to provide the Department and Bureau of Conveyances sufficient time to update any



relevant forms, instructions, and computer processing systems to account for the increased rates in the conveyance tax.

As affirmed by the record of votes of the members of your Committee on Water & Land that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1211, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1211, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Water & Land,

Linda Ichikawa FOR

LINDA ICHIKAWA, Chair



