

Honolulu, Hawaii

FEB 14 , 2024

RE: H.B. No. 2364
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committees on Housing and Water & Land, to which was referred H.B. No. 2364 entitled:

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

beg leave to report as follows:

The purpose of this measure is to:

- (1) Increase the conveyance tax rate for certain properties;
- (2) Exempt conveyances of certain real property from the conveyance tax; and
- (3) Allocate ten percent of the conveyance tax collections to the Dwelling Unit Revolving Fund for purposes of funding infrastructure programs in transit-oriented development areas.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Department of Land and Natural Resources; Department of Corrections and Rehabilitation; Department of Hawaiian Home Lands; Office of Planning and Sustainable Development; Hawaii Housing Finance and Development Corporation; Hawaii Community Development Authority; County of Hawai'i Planning Department; Hawaii Appleseed Center for Law & Economic Justice; Catholic Charities Hawai'i;



Democratic Party of Hawai'i; Stanford Carr Development, LLC; Hawai'i State Coalition Against Domestic Violence; Land Use Research Foundation of Hawaii; Hawai'i Housing Affordability Coalition; and seven individuals. Your Committees received testimony in opposition to this measure from NAIOP; Hawai'i Association of REALTORS; and Grassroot Institute of Hawaii. Your Committees received comments on this measure from the Department of Taxation; Disability and Communication Access Board; Tax Foundation of Hawaii; and The Nature Conservancy, Hawai'i and Palmyra.

Your Committees find that Act 88, Session Laws of Hawaii 2021, among other things, required a study to identify and assess alternative financing, project delivery, and cost recovery mechanisms to recapture the State's upfront investment in transit-oriented development infrastructure. The study identified the need for regular and predictable revenue sources to help finance regional public infrastructure to facilitate transit-oriented development. This measure is a result of the study, which recommended increasing the conveyance tax for certain properties with the revenues to be allocated to the Dwelling Unit Revolving Fund to help build infrastructure intended for the State's housing inventory.

Your Committees have amended this measure by:

- (1) Establishing new conveyance tax rates for multifamily residential property and inserting a definition for "multifamily residential property";
- (2) Repealing the dollar cap amounts of conveyance taxes paid into the Land Conservation Fund and Rental Housing Revolving Fund;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committees respectfully request your Committee on Finance, should it deliberate on this measure, to consider the possibility of changing the current conveyance tax to a marginal tax, as this matter is outside the purview of your Committees.



As affirmed by the records of votes of the members of your Committees on Housing and Water & Land that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2364, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2364, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Housing and Water
& Land,


LINDA ICHIYAMA, Chair


LUKE A. EVSLIN, Chair



Record of Votes of the Committee on Housing

Bill/Resolution No.: HB 2364	Committee Referral: HSG/WAL, FIN	Date: 2-7-24		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. EVSLIN, Luke A. (C)	✓			
2. AIU, Micah P.K. (VC)	✓			
3. KILA, Darius K.	✓			
4. KITAGAWA, Lisa	✓			
5. MIYAKE, Tyson K.	✓			
6. ONISHI, Richard H.K.	✓			
7. TODD, Chris	✓			
8. MATSUMOTO, Lauren	✓			
TOTAL (8)	8			
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				

State of Hawaii
House of Representatives
The Thirty-second Legislature

HSCR 332-24

Record of Votes of the Committee on Water & Land

Bill/Resolution No.: HB 236A
Committee Referral: HVG/WAL, FIN
Date: 02/07/2024

The committee is reconsidering its previous decision on the measure.

The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold
 Pass short form bill with HD to recommit for future public hearing (recommit)

WAL Members	Ayes	Ayes (WR)	Nays	Excused
1. ICHIYAMA, Linda (C)	✓			
2. POEPOE, Mahina (VC)	✓			
3. CHUN, Cory M.	✓			
4. GANADEN, Sonny				✓
5. HASHEM, Mark J.	✓			
6. MIZUNO, May Besario				✓
7. MORIKAWA, Dee	✓			
8. TAKAYAMA, Gregg	✓			
9. SOUZA, Kanani	✓			
TOTAL (9)	7			2

The recommendation is: Adopted Not Adopted
If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature:

Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO