

Honolulu, Hawaii

**MAR 03 2023**

RE: S.B. No. 362  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 362, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to amend the conveyance tax law.

More specifically, this measure:

- (1) Increases the rate of the conveyance tax for condominiums and single family residences with a value of at least \$2,000,000, and for which the purchaser is ineligible for a county homeowner's exemption;
- (2) Exempts from the conveyance tax documents and instruments conveying real property subject to a government assistance program approved and certified by the Hawaii Housing Finance and Development Corporation and used exclusively for the provision of affordable housing for qualified persons who:
  - (A) Are residents of the State;
  - (B) Are owner-occupants or renter-occupants of the real property; and



- (C) Own no other real property; and
- (3) Removes the maximum dollar amount of conveyance tax revenues that are to be paid into the Rental Housing Revolving Fund each fiscal year.

Your Committee received written comments in support of this measure from Catholic Charities Hawaii, EAH Housing, and two individuals.

Your Committee received written comments in opposition to this measure from the Hawaii Association of REALTORS and Land Use Research Foundation of Hawaii.

Your Committee received written comments on this measure from the Department of the Attorney General, Department of Taxation, Hawaii Housing Finance and Development Corporation, Democratic Party of Hawaii Education Caucus, Grassroot Institute of Hawaii, Hawaii Appleseed Center for Law and Economic Justice, Imua Alliance, Partners In Care, Tax Foundation of Hawaii, and two individuals.

Your Committee finds that conveyance tax revenues are a reliable source of funding for the Rental Housing Revolving Fund, which provides gap financing necessary for rental housing projects to feasibly be developed under the Low-Income Housing Tax Credit program. Your Committee further finds that greater access to this financing is necessary to increase the State's affordable housing inventory.

Your Committee has amended this measure by:

- (1) Providing two distinct conveyance tax exemptions for documents and instruments conveying real property:
  - (A) To a government assistance program qualified by the Hawaii Housing Finance and Development Corporation; and
  - (B) To owner-occupants or renter-occupants who own no other real property;



- (2) Removing the definition for "qualified persons" and references thereto;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee notes that, in their written comments on the measure, Catholic Charities Hawaii, Partners In Care, and the Hawaii Appleseed Center for Law and Economic Justice have requested that the measure be amended to allocate ten percent of conveyance tax revenues for homeless services and supportive housing.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 362, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 362, S.D. 2.

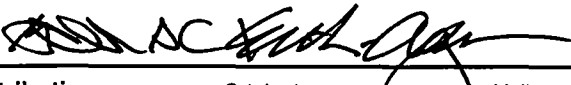
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirty-Second Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB362, SD1</b>	Committee Referral: <b>HOU, WAM</b>	Date: <b>2/22/23</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	<b>13</b>			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes