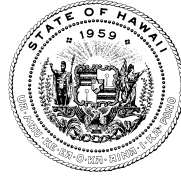


JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawai'i*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawai'i*



IKAIKA ANDERSON
CHAIRMAN DESIGNATE, HHC
Ka Luna Ho'okele

KATIE L. DUCATT
DEPUTY DESIGNATE TO THE
CHAIRMAN
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawai'i
P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF IKAIKA ANDERSON, CHAIRMAN-DESIGNATE
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON HAWAIIAN AFFAIRS AND
THE SENATE COMMITTEE ON HOUSING
HEARING ON FEBRUARY 7, 2023 AT 1:00PM IN CR 224

SB 1353, RELATING TO HOUSING

February 7, 2023

Aloha Chair Shimabukuro, Chair Chang, and members of the Committees:

The Department of Hawaiian Home Lands (DHHL) strongly supports this measure that exempts any development of homestead lots or housing for the DHHL from general excise and use taxes. This bill was approved by the Hawaiian Homes Commission and included in the Governor's administrative package by request of our Department.

DHHL currently has four (4) large-scale development projects underway for consideration by HHFDC for GET exemptions as follows:

Projects Pending GET Exemption	Est. Dev. Costs	Est. GET Savings
HHL Rent with Option to Purchase (La'i'ōpua) (163 Units)	\$ 5,000,000 (x 4.25%) =	\$212,500
Pu'unani Subdivision (160 Lots) (136 turnkey/24 vacant Lots)	\$ 23,350,013 (x 4.0%) =	\$934,000
Former Voice of America Site (253 Units)	\$ 50,000,000 (x 4.5%) =	\$2,250,000
820 Isenberg Street (Bowl-O-Drome site) (277 Units)	\$ 137,000,000 (x 4.5) =	\$6,165,000

		TOTAL: \$9,561,500
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The GET cost savings from these development projects could be used to develop more homestead lots. DHHL defines homestead lots as residential, agricultural and pastoral 99-year homestead leases. DHHL includes all acquisition, planning, design, post design, and construction of offsite and onsite development costs in its quantification of eligible costs for GET exemption purposes.

Other homestead projects in the pipeline include:

Projects in the Pipeline for Development	Est. Dev. Costs	Est. GET Savings
Ka'uluokaha'i IIC (130 residential lots)	\$20,000,000 (x 4.5%)	\$900,000
Keokea Waiohuli 2B (76 residential lots)	\$18,000,000 (x 4.0%)	\$720,000
Pulehunui offsite infrastructure (100 agricultural lots)	\$50,000,000 (x 4.0%)	\$2,000,000
Villages of Leiali'i 1B (250 residential lots)	\$130,000,000 (x 4.0%)	\$5,200,000
Honokowai Potable Water Development (1,200 mixed homestead lots)	\$30,000,000 (x 4.0%)	\$1,200,000
Kahikinui Access Improvements (75 pastoral lots)	\$ 5,000,000 (x 4.0%)	\$200,000
Nā'iwa Agricultural Subdivision (58 agricultural lots)	\$30,000,000 (x 4.0%)	\$1,200,000
Hanapēpē Residential Lots Phase 2 (75 lots)	\$20,000,000 (x 4.5%)	\$900,000
Villages of La'i'ōpua 4 Hema (130 residential lots)	\$14,000,000 (x 4.25%)	\$595,000
		Total potential DHHL savings from GET exemption: \$12,915,000

Thank you for your consideration of our testimony.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 1353, Relating to Housing

BEFORE THE:

Senate Committee on Hawaiian Affairs / Senate Committee on Housing

DATE: Tuesday, February 7, 2023

TIME: 1:00 p.m.

LOCATION: State Capitol, Room 224

Chairs Shimabukuro and Chang, Vice-Chairs Fevella and Kanuha, and Members of the Committees:

The Department of Taxation ("Department") supports S.B. 1353, an Administration measure, and offers the following comments.

S.B. 1353 exempts gross proceeds of sale or gross income arising from the planning, design, financing, or construction of any development of homestead lots or housing for the Department of Hawaiian homelands (DHHL) from the general excise tax (GET) and use tax. The measure becomes effective upon approval and shall take effect on January 1, 2024.

The Department notes that the certification requirement helps to minimize invalid or fraudulent claims, and therefore requests that the certification requirement is maintained.

Further, because this bill will require tax form and system changes, the Department requests that the effective date of the bill be amended to no earlier than January 1, 2024. The Department notes, however, that due to the number of bills with tax law changes that have been introduced this year, the Department may not have the

Department of Taxation Testimony

SB 1353

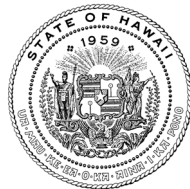
February 7, 2023

Page 2 of 2

resources to implement all measures passed this session by January 1, 2024. The Department will continue to monitor the status of proposed legislation and will advise whether some changes will require a later effective date.

Thank you for the opportunity to provide testimony on this measure.

JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON HAWAIIAN AFFAIRS AND HOUSING
ON
SENATE BILL NO. 1353

February 7, 2023
1:00 p.m.
Room 224 and Videoconference

RELATING TO HOUSING

The Department of Budget and Finance (B&F) offers comments on Senate Bill (S.B.) No. 1353, which exempts gross income from Department of Hawaiian Home Lands (DHHL) housing developments from general excise taxes subject to the approval of DHHL based on criteria set forth in subsection (b) of the new section. Subsection (b) provides criteria similar to the general excise tax exemption program being operated by the Hawai'i Housing Finance and Development Corporation for certified or approved housing projects pursuant to Section 237-29, HRS.

B&F notes that rulemaking authority for the joint promulgation of administrative rules by DHHL and the Department of Taxation to implement the exemption should be added to this bill.

Thank you for your consideration of our comments.

COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
Addison Bulosan
Bernard P. Carvalho, Jr.
Felicia Cowden
Bill DeCosta
Luke A. Evslin



OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
Lyndon M. Yoshioka, Deputy County Clerk

Telephone: (808) 241-4188
Facsimile: (808) 241-6349
Email: cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawai'i 96766

February 6, 2023

TESTIMONY OF KIPUKAI KUALII
COUNCIL VICE CHAIR, KAUAI COUNTY COUNCIL
ON
SB 1353, RELATING TO HOUSING
Senate Committee on Hawaiian Affairs
Senate Committee on Housing
Tuesday, February 7, 2023
1:00 p.m.
Conference Room 224
Via Videoconference

Dear Chair Shimabukuro, Chair Chang, and Members of the Committee:

Thank you for this opportunity to provide testimony in strong SUPPORT of SB 1353, Relating to Housing. My testimony is submitted in my individual capacity as Council Vice Chair of the Kaua'i County Council.

I wholeheartedly support the intent of SB 1353 as it will provide more affordable housing on Hawaiian Homes Trust Lands through tax break incentives, in which savings could be passed on to the new lessee homesteaders.

Thank you again for this opportunity to provide testimony in strong support of SB 1353. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

KIPUKAI KUALII
Council Vice Chair, Kaua'i County Council

AAO:lc

LATE

SB-1353

Submitted on: 2/6/2023 7:37:52 PM

Testimony for HWN on 2/7/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nani Medeiros	Testifying for Chief Housing Officer, Office of the Governor, State of Hawaii	Support	Written Testimony Only

Comments:

Mahalo for the opportunity to testify in support of this administration measure.