WHEREAS, the global financial crisis that began in the second half of 2008 has put increasing pressure on states across the country to resolve complex budget deficits; and

WHEREAS, in Hawaii, the state budget deficit has grown to $1,200,000,000, despite numerous creative efforts to raise revenue and reduce costs; and

WHEREAS, over several decades, more than 50 classes of transactions have been granted an exemption from the state general excise tax, often to provide incentives for desired social and economic behavior or to conform Hawaii tax codes to federal law; and

WHEREAS, each year, the state forgoes approximately $835,000,000 in potential revenue by exempting various companies and individuals from the general excise tax; and

WHEREAS, although a temporary suspension of general excise tax exemptions may help address the State's budget shortfall, certain tax incentives remain necessary; and

WHEREAS, the construction of affordable housing continues to require the full effort of the Hawaii construction industry while construction itself can act as a spur for economic activity, thereby making the continuance of a tax incentive for these activities appropriate; and

WHEREAS, the State maintains the responsibility, however, to ensure the proper use and reporting of affordable housing tax credits; and

WHEREAS, the Hawaii Housing Finance and Development Corporation (HHFDC) is the primary agency involved in approving...
and certifying claims for affordable housing construction tax incentives; now, therefore,

BE IT RESOLVED by the House of Representatives of the Twenty-fifth Legislature of the State of Hawaii, Regular Session of 2010, that HHFDC is urged to adopt policies that provide full disclosure of tax exemptions that it certifies; and

BE IT FURTHER RESOLVED that these policies:

(1) Include a review by HHFDC of each claim for an exemption under sections 201H-36, 201H-37, and 237-29(a), Hawaii Revised Statutes (HRS), prior to any initial or renewal certification;

(2) Require HHFDC to maintain a record of each person or business that has qualified for a general excise tax exemption under 201H-36, 201H-37, and 237-29(a), HRS, including the:

(A) Name and address of the person or business;

(B) Name and address of the housing project qualifying for the tax exemption;

(C) Criterion used by HHFDC to approve and certify the tax exemption; and

(D) Amount of the tax exemption claimed;

and

(3) Require HHFDC to maintain an annual and cumulative record of all tax exemptions claimed;

and

BE IT FURTHER RESOLVED that every record regarding affordable housing tax incentives maintained by HHFDC be considered a public record and made available upon request, either with or without a reasonable reproduction fee; and
BE IT FURTHER RESOLVED that HHFDC is urged to submit its annual record, including any additional relevant information, to the Legislature no later than 20 days prior to the convening of each Regular Session, beginning with the 2011 Regular Session; and

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Governor and the Executive Director of the Hawaii Housing Finance and Development Corporation.

OFFERED BY:

[Signatures]

MAR 08 2010