

Honolulu, Hawaii

FEB 17 2017

RE: S.B. No. 1145

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 1145 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:

- (1) Increase the rates for certain conveyance tax categories; and
- (2) Repeal the statutory cap on the disposition of conveyance taxes dedicated for deposit into the rental housing revolving fund.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation, Hawaii Habitat for Humanity Association, Housing Now Coalition, IMUAlliance, Hawaii Appleseed Center for Law and Economic Justice, Faith Action for Community Equity, and seven individuals. Your Committee received testimony in opposition to this measure from the Hawaii Association of REALTORS and Chamber of Commerce Hawaii. Your Committee received comments on this measure from the Department of Taxation, Department of Budget and Finance, Tax Foundation of Hawaii, and Building Industry Association of Hawaii.



Your Committee finds that the development and construction of affordable housing units is an urgent priority of the State. Your Committee further finds that the rental housing revolving fund, which was established to provide low-interest loans or grants to qualified owners and developers constructing affordable housing units, can help to fulfill the need for affordable housing. This measure will increase the amount of available monies in the rental housing revolving fund by increasing the rates for certain conveyance tax categories and increasing the amount of conveyance tax that is paid into the revolving fund.

Your Committee has amended this measure by:

- (1) Further increasing the conveyance tax rate for the sale of condominiums or single family residences for which the purchaser is ineligible for a homeowner's exemption with a value of \$1,000,000 or more;
- (2) Removing language increasing the conveyance tax rate for the sale of condominiums or single family residences for which the purchaser is ineligible for a homeowner's exemption with a value of less than \$1,000,000; and
- (3) Increasing the portion of conveyance tax to be paid into the rental housing revolving fund to sixty percent.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1145, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1145, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Housing,



WILL ESPERO, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* <i>SB1145</i>	Committee Referral: <i>HOU, WAM</i>	Date: <i>2/14/17</i>		
<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 <small>2312</small> <input checked="" type="checkbox"/> Pass, with amendments <small>2311</small> <input type="checkbox"/> Hold <small>2310</small> <input type="checkbox"/> Recommit <small>2313</small>				
Members	Aye	Aye (WR)	Nay	Excused
ESPERO, Will (C)	✓			
HARIMOTO, Breene (VC)	✓			
KAHELE, Kaiali'i				✓
KEITH-AGARAN, Gilbert S.C.	✓			
NISHIHARA, Clarence K.				✓
TOTAL	<i>3</i>			<i>2</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod				
File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes