

STAND. COM. REP. NO.

526

Honolulu, Hawaii

FEB 19 2021

RE: S.B. No. 39
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 39
entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to remove the limit
on the types of eligible costs for exemption from general excise
tax for the development of affordable rental housing.

Your Committee received testimony in support of this measure
from the Hawaii Housing Finance and Development Corporation,
Kohala Coast Resort Association, Hawaii Regional Council of
Carpenters, Schatz Collaborative, and one individual. Your
Committee received comments on this measure from the Department of
Labor and Industrial Relations.

Your Committee finds that there is a severe shortage of
affordable housing in Hawaii. A recent study by the Department of
Business, Economic Development, and Tourism found that Hawaii is
not producing enough new housing to meet the anticipated demand
through the year 2025. By removing the limits on general excise
tax exemptions with respect to qualifying costs and restrictions
on the receipt of certain governmental funding, this measure will
encourage developers and construction companies to build more
affordable housing across the State. Your Committee also notes
the testimony of the Hawaii Regional Council of Carpenters as well




as Schatz Collaborative that language of section 104-2(i)(3), Hawaii Revised Statutes, might prevent developers from taking advantage of county-level incentives like the City and County of Honolulu's Ordinance No. 18-01, which provides real property tax exemptions and waivers pertaining to certain affordable housing projects. By removing that section from the Hawaii Revised Statutes, developers may be able to make affordable housing projects more financially feasible.

Accordingly, your Committee has amended this measure by repealing section 104-2(i)(3), Hawaii Revised Statutes.

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. 39, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 39, 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,


STANLEY CHANG, Chair



