

Honolulu, Hawaii

FEB 13 2023

RE: S.B. No. 362  
S.D. 1

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

Sir:

Your Committee on Housing, to which was referred S.B. No. 362 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, beginning January 1, 2024:

- (1) Increase the rate of conveyance tax for condominiums and single-family residences ineligible for a county homeowner's exemption with a value of at least \$2,000,000;
- (2) Exempt 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 for the provision of affordable housing for qualified persons in the State; and
- (3) Remove 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 testimony in support of this measure from the Hawaii Housing Finance and Development Corporation, EAH



184

Housing, Catholic Charities Hawai'i, and Partners in Care. Your Committee received testimony in opposition to this measure from Hawai'i Association of REALTORS. Your Committee received comments on this measure from Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the conveyance tax is the only dedicated and annual source of revenue for the Rental Housing Revolving Fund (Fund), which provides gap financing for new affordable rental projects to be feasibly developed under the Low-Income Housing Tax Credit Program. According to testimony received by your Committee, increasing the overall revenue of the conveyance tax and removing the cap on conveyance tax revenues dedicated to the Fund will increase the affordable housing inventory in the State. Although your Committee recognizes that there are concerns that the proposed exemption disregards the value attached to a property for affordable housing, it believes that the exemption would drive affordable housing developers to request less moneys from the Fund or use fewer low-income housing tax credits.

Your Committee notes that no information has been provided regarding the effect of increases in the conveyance tax on affordable housing developers. Your Committee further notes that the preservation of existing conveyance tax rates for owner-occupants is necessary to incentivize the conveyance of properties to purchasers who will actually occupy the properties.

Your Committee has amended this measure by:

- (1) Exempting from the conveyance tax any documents or instruments conveying real property developed for affordable housing that is exclusively for residents of the State who own no other real property and are renters or owner-occupants of the real property; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 362, as amended herein, and recommends that it pass Second



Reading in the form attached hereto as S.B. No. 362, 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



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Housing**  
**HOU**

Bill / Resolution No.:* <b>SB 362</b>	Committee Referral: <b>HOU, WAM</b>	Date: <b>02/02/2023</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
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
AQUINO, Henry J.C.	✓			
RHOADS, Karl				✓
AWA, Brenton	✓			
<b>TOTAL</b>	<b>4</b>			<b>1</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