

Honolulu, Hawaii

FEB 06 , 2024

RE: H.B. No. 2413  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 2413 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Repeal the provision prohibiting qualified persons or firms from receiving direct or indirect financing for construction projects from a governmental contracting agency as a condition of prevailing wage terms;
- (2) Extend the approval and certification period in which construction or rehabilitation of certain projects can qualify for general excise tax exemptions; and
- (3) Repeal the limitation of the costs of contracting, including the annual cap on allowable general excise tax and use tax costs applicable to contracting.

Your Committee received testimony in support of this measure from the Department of Taxation; Hawaii Housing Finance and Development Corporation; Office of Housing of the City and County of Honolulu; Pacific Resource Partnership; NAIOP; Building Industry Association of Hawaii; D.R. Horton Hawaii LLC; Maui

2024-1156 HB2413 HD1 HSCR HMSO



Chamber of Commerce; General Contractors Association of Hawaii; Operating Engineers Local Union No. 3; and Stanford Carr Development, LLC. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that the State has been experiencing an out-migration for the past five years, with a decline of approximately 22,000 people from 2020 to 2023. The cost-burden of housing and lack of affordable housing in the State are compounded by Hawaii having the highest cost of living in the nation. This measure will optimize opportunities for developing new or refurbished rental housing in the State by expanding tax incentives to improve the economics of building rental housing, thereby creating more affordable housing to keep residents in Hawaii.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 H.B. No. 2413, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2413, H.D. 1, and be referred to your Committee on Finance.

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

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LUKE A. EVSLIN, Chair



