

LINDA LINGLE
GOVERNOR



BARBARA E. ARASHIRO
ACTING EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
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POST OFFICE BOX 17907
Honolulu, Hawaii 96817

EXECUTIVE ASSISTANT

February 24, 2010

Statement of Sandra Miyoshi
Administrator
State Homeless Program
Before the

HOUSE COMMITTEE ON FINANCE

February 24, 2010; 10:00 a.m.
Room 308, Hawaii State Capitol

In consideration of
H.B. 2488, H.D. 1; H.B. 2318, H.D. 1; and H.B. 2280, H.D. 1
RELATING TO THE HOMELESS

Chairman Marcus Oshiro, Vice Chairperson Marilyn Lee and members of the House Committee on Finance:

The State Homeless Programs recognizes the need to provide solutions to the State's growing homeless problem. H.B. 2488, H.D.1, would increase the conveyance tax by 15% on homes valued at \$1,200,000 to purchase parks to serve the homeless and requires the Counties to provide matching funds. H.B. 2318, H.D.1, proposes to establish a 5-year Housing First pilot program to assist chronically homeless individuals and also increase the conveyance tax by 15% to fund a parks for the homeless special fund. H.B. 2280, H.D. 1, proposes to assist the homeless in reuniting with their families, establishes a parks for homeless special fund that is to be funded by a 15% increase in the conveyance tax.

The State Homeless Programs cannot support these bills at this time given the State's economic difficulties. New programs require money and staffing to initiate and sustain them. The State's financial situation means that we are lacking both, and we cannot support the increase in the conveyance tax which would only add to the burden of the State's economic situation.

Additionally, the State Homeless Program does not support a camp site for the homeless. Other jurisdictions in the nation have tried to address their homeless challenge with camp sites that have been fraught with large costs, including 24/7 security, camp site degradation, high crime, and huge government liability. Many communities are embroiled in conflict on how to shut down previously established camp grounds that have become blights on the community and a law enforcement nightmare. This bill requires the Counties to provide matching funding for the camp sites, however, the Counties have not identified this as a budget priority.

Thank you for the opportunity to provide comments on these bills.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2488, H.D. 1

February 24, 2010

RELATING TO THE HOMELESS

House Bill No. 2488, H.D. 1, creates the Parks for Homeless special fund within the State treasury to provide shelter and basic services to homeless individuals who live at county parks. The special fund will be funded by increasing the conveyance tax on homes valued at \$1,200,000 and above, and by matching funds provided by the counties.

As a matter of general policy, this department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the fund will be self-sustaining.

Furthermore, given the State's current financial situation, it does not appear fiscally prudent to increase the conveyance tax for the purpose of expanding homeless programs at county parks.

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
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MUFI HANNEMANN,
MAYOR



RIX MAURER III
DIRECTOR

MARK K. OTO
DEPUTY DIRECTOR

February 24, 2010

The Honorable Marcus R. Oshiro, Chair
and Members
Committee on Finance
House of Representatives
The Twenty-Fifth State Legislature
State Capitol
Honolulu, Hawaii 96816

Dear Chair Oshiro and Committee Members:

Subject: HB 2488, HD1, Relating to Homeless

The City and County of Honolulu (City) opposes HB 2488, HD 1. This legislation proposes to establish a State Parks for Homeless Special Fund (PHSF) which would be used to finance the acquisition, conversion, and maintenance of county parks that are specifically dedicated to house individuals and families experiencing homelessness. The PHSF would be funded with proceeds from an increase in the Conveyance Tax and mandated contributions from the counties.

While the City is sensitive to the needs of the individuals and families experiencing homelessness, we disagree with the basic premise of HB 2488, HD 1, which suggests that the homeless prefer to live in county parks than in basic housing where they may also receive appropriate social and employment services. We believe that the State's financial resources would be better served by acquiring, constructing and maintaining basic housing and related services for our homeless population. To that end, the proposed increase in the Conveyance Tax could be more efficiently used by providing enhanced financial support for the already established State programs and grants to the counties for programs targeted at addressing homelessness.

Other objections to HB 2488, HD 1 are found on several levels:

- (1) The bill includes an unconstitutional mandate for the counties to contribute to the PHSF.

The Honorable Marcus R. Oshiro, Chair
and Members
February 24, 2010
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- (2) The bill provides for the PHSF to be established in the State treasury, but to be administered by the finance department of any county that receives funding from the PHSF. It would be inappropriate for a county to administer any fund in the State treasury. It would be more efficient for the State to appropriate grants from the PHSF for the counties to apply to their programs that address homelessness.
- (3) The bill oversteps State authority by legislating the kinds of services and maintenance schedule that would apply to county parks.

While the City certainly is sensitive to the plight of individuals and families experiencing homelessness, we do not believe HB 2488, HD 1 offers a reasonable, desirable, and legal valid means of helping this segment of the community. We reiterate our objections to this legislation.

Sincerely,



Rix Maurer III
Director

DEPARTMENT OF PARKS AND RECREATION
CITY AND COUNTY OF HONOLULU

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MUFI HANNEMANN
MAYOR



LESTER K. C. CHANG
DIRECTOR

RICHARD HARU
DEPUTY DIRECTOR

February 23, 2010

The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
House of Representatives
State Capitol
Honolulu, Hawaii 96816

Dear Chair Oshiro and Committee Members:

Subject: HB 2488, HD1, Relating to the Homeless

While the City and County of Honolulu (City) agrees with the intent of HB 2488, HD 1, the City and County of Honolulu, Department of Parks and Recreation (DPR) opposes this legislation. We understand that testimony from the City's Department of Budget and Fiscal Services was also submitted in opposition. From DPR's perspective, implementation would significantly derogate the parks operation affecting the thousands of park and beach goers every day. It would also add fiscal challenges to the already stretched operational and capital budgets.

This legislation proposes to establish a State Parks for Homeless Special Fund (PHSF) which would be used to finance the acquisition, conversion, and maintenance of county parks that are specifically dedicated to house individuals and families experiencing homelessness. The PHSF would be funded with proceeds from an increase in the Conveyance Tax and mandate contributions from the counties.

Although the City is sensitive to the needs of the individuals and families experiencing homelessness, we disagree with the basic premise of HB 2488, HD 1, which suggests that passive and active recreation as well as sports facilities in county parks can coexist with homeless encampments.

Other objections to HB 2488, HD 1 are found on several levels:

- (1) The legislation oversteps State authority by dictating what kinds of services and maintenance schedule would apply to county parks.
- (2) The legislation creates a conflict with the core function of the DPR which is to develop and implement programs for cultural, recreational and other leisure-time activities for the people of the city.

The Honorable Marcus R. Oshiro
February 23, 2010
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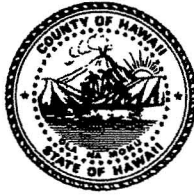
- (3) The county is in the midst of a severe reduction in funds available for our budget and is barely able to fund essential park facilities and programs. We would not be able to contribute funds to this project without significantly affecting park operations to multiple parks and programs throughout the island. Many of these programs are utilized by homeless.
- (4) Some of the current homeless individuals that monopolize an area of the park are there because they have been waiting for homeless shelter space to become available. On the other hand, many choose to stay in a park even if they had other reasonable alternative living accommodations. That does not mean we should legalize anyone living in the park. If we did that, there would be many more that would take the opportunity to occupy a "million dollar" beach front location. It would no longer be a park, but become a tent city for permanent campers. The City offers recreation camp, camping for limited time periods to provide individuals and families the camping experience.
- (5) One of the authors of this legislation stated in a recent editorial to the Star Bulletin that "... a significant percentage of homeless refuse to go to shelters for various reasons...they cannot be forced to live where society feels it is right for them to live." What makes you think that they will stay in any sort of controlled environment, even a park that has rules? The editorial goes on to say "The chronic homeless are those who cannot be helped or do not want to be helped." How will providing parks for them to legally reside help these people?
- (6) Oahu has over 1,000,000 people with approximately 4,000 – 5,000 that are homeless. It does not make any sense to reduce active park land for this less than ½ % of the population. Oahu's population has grown without the proportionate amount of growth in active park space. There already is conflict of use to support the very active and high demand of the general population and visitors. Taking space away that would be needed to implement this legislation would be very problematic.
- (7) Lastly, the bill's premise appears to say that if you give the County park department money and force them to provide matching funds and to maintain it better, then the problems with homeless will go away. This premise is questionable and in fact may create more demand to accommodate homeless, which in turn will convert more park real estate to non-park use.

The City certainly is sensitive to the plight of individuals and families experiencing homelessness, however, we do not believe HB 2488, HD 1 offers a reasonable, desirable, and valid means of helping this segment of the community. We reiterate our objections to this legislation.

Sincerely,

Lester K. C. Chang
Director

William P. Kenoi
Mayor



Nancy E. Crawford
Director

Deanna S. Sako
Deputy Director

County of Hawaii

Finance Department

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February 23, 2010

The Honorable Marcus R. Oshiro, Chair
and Members of the House Committee on Finance
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Oshiro and Members of the Committees:

RE: Testimony in Opposition to HB 2488, HD1, Relating to the Homeless
Hearing Wednesday, February 24, 2010, at 10:00 a.m., Conference Room 308

The Finance Department strongly opposes HB 2488, HD1, which seeks to establish a State "Parks for the Homeless Special Fund" (PHSF) which would be funded by an increase in Conveyance Tax on certain properties and mandated match by the counties. The counties would also be required to create special parks for the homeless with specific mandated accommodations.

We question the constitutionality of mandating contributions from the counties to the proposed fund and for dictating the manner in which such funds would be used by the counties to provide specifically identified facilities. Additionally, at a time when Hawai'i County is struggling with serious budget shortfalls, there are no funds available for such contributions. Beyond the immediate contributions, there would be an ongoing cost to support the required facilities.

While we recognize that homelessness is a serious concern and services should be provided to people who find themselves in a displaced situation, we question the feasibility the proposed program and the State's authority to legislate the manner in which the County conducts its business.

This legislation is would negatively impact Hawai'i County, as it would directly impact the county budget for both immediate acquisition and construction costs as well as ongoing service and maintenance.

Thank you for your attention to our concerns. We urge you to file HB 2488, HD1.

Sincerely,

Nancy Crawford
Director of Finance

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Increase rate, disposition for parks for homeless special fund

BILL NUMBER: HB 2488, HD-1

INTRODUCED BY: House Committees on Housing and Water, Land & Ocean Resources

BRIEF SUMMARY: Amends HRS section 247-2 to propose the following conveyance tax rates for properties (eligible for a home exemption as well as all non-residential property):

Rate Per \$100	Property Value
\$.342	\$1,200,000 but less than \$2,000,000
.575	\$2,000,000 but less than \$4,000,000
.805	\$4,000,000 but less than \$6,000,000
1.035	\$6,000,000 but less than \$10,000,000; and
1.15	\$10,000,000 and greater.

Proposes the following conveyance tax rates for residential properties ineligible for a home exemption:

Rate Per \$100	Property Value
\$.46	\$1,200,000 but less than \$2,000,000
.69	\$2,000,000 but less than \$4,000,000
.9775	\$4,000,000 but less than \$6,000,000
1.265	\$6,000,000 but less than \$10,000,000; and
1.4375	\$10,000,000 and greater

Amends HRS section 247-7 to provide that 10% of conveyance taxes collected under the above rates for properties valued at \$1,200,000 or over shall be deposited into the parks for homeless special fund before any of the other dispositions are made.

Adds a new section to HRS chapter 46 to establish a parks for homeless special fund into which shall be deposited the designated portion of the conveyance tax. Requires each county to provide matching funds which shall be deposited into the parks for homeless special fund. The fund shall be administered by the finance department of any county with a population greater than 500,000 that receives funds under this section, and shall be used to acquire, convert, or maintain parks under the jurisdiction of the department to service the homeless, including providing open structures or shelters to protect park users from the wind and rain, providing basic services such as showers, toilets, drinking fountains, coin-operated washers and dryers, lockers, and providing accommodations for overnight camping, one shopping cart per person for personal possessions, and not more than one small pet.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: The proposed measure increases the conveyance tax on properties valued at \$1,200,000 or over, and establishes a parks for homeless special fund which shall be used to transform areas of parks into shelters for the homeless. While the measure proposes another tap of the conveyance tax revenues, it should be noted that as with any earmarking, the legislature will be giving their stamp of approval for another "automatic funding" mechanism for the particular program - the parks for homeless special fund. It should be noted that while funds would be diverted to the fund without any legislative intervention, they will also avoid legislative scrutiny, and it will be difficult to ascertain the effectiveness of the program. It would also be difficult to ascertain whether or not the fund has too little or too much revenue.

Further, while this measure also proposes to increase the conveyance tax rates, it should be remembered that the conveyance tax is one of the least dependable sources upon which to rely for funding with collections rising and falling with the fortunes of the real estate market. Any amount collected under this tax will depend on activity in the real estate market. As the housing market slows down, revenues may not be sufficient to meet the expectations of the fund. If the additional revenues are not sufficient or another "important" program needs funding, will the conveyance tax be increased to generate even more revenue? For example, revenues of the conveyance tax declined from \$43.4 million in fiscal 2008 to \$19.5 million in fiscal 2009.

While the conveyance tax increase appears to target properties valued at \$1,200,000, it should be remembered that this schedule also applies to non-residential properties covering everything from a mom and pop supermarket in Waialua to the Ala Moana Shopping Center to the car repair shop in Kaka'ako to the farm lot in Waimanalo. Thus, this proposal makes it even more expensive to do business in Hawaii. At a time when other committees of the legislature are hearing legislation to spur economic activity, this measure does just the opposite. And where do these legislators believe the purchasers of these properties will find the resources to pay these additional funds? Or in the case of businesses, they will have to either charge higher prices for the goods and services they produce or keep their production costs in control which in many cases means paying their employees less.

This measure represents another grab for money which lawmakers believe will "solve" the homeless problem while truly not understanding the economic crisis that has caused so many to be homeless. If the legislature deems that the provision of homeless shelters is of such a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. When the legislature dipped into housing special funds to maintain funding for programs like education and social services, that was poor tax policy. The housing market slowed in 2008 and the rental housing trust fund realized only \$21 million in FY 2008 as compared to the \$23 million it received in the prior year. If asked, housing officials would probably say that is not enough to carry out their mandate, thus the program is underfunded. If the money were appropriated, lawmakers could then evaluate the real or actual needs of this particular program.

If the legislature deems any of the programs for which conveyance tax revenues are earmarked to be such a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. When general fund revenues wane, will elected officials once more dip into special funds or repeal this earmarking or in the alternative raise taxes? Earmarking revenues restricts the flexibility in utilizing these revenues. This measure underscores the unwillingness of legislators to be held

accountable for their actions.

Finally, it should be noted that when the legislature increased conveyance tax rates last year, lawmakers rationalized that Hawaii's rates were low by comparison to those imposed in a state like Vermont. What they seemed to have overlooked is the fact that one can buy a single family home on three-quarters of an acre with five bedrooms and three baths for under \$50,000, something that certainly is not possible in Hawaii. Thus, taxpayers are whipsawed between unbelievably high real estate prices and a confiscatory conveyance tax.

Digested 2/23/10



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February 23, 2010

The Honorable Marcus R. Oshiro, Chair

House Committee on Finance
State Capitol, Room 308
Honolulu, Hawaii 96813

RE: H.B. 2488, H.D. 1, Relating to the Homeless

HEARING: Wednesday, February 24, 2010 at 10:00 a.m.

Aloha Chair Oshiro, Vice Chair Lee and Members of the Committee:

I am Craig Hirai, a member of the Subcommittee on Taxation and Finance, here to testify on behalf of the Hawaii Association of REALTORS® ("HAR"), the voice of real estate in Hawaii, and its 8,800 members in Hawaii. HAR **opposes** H.B. 2488, H.D. 1, which purports to increase by 15% the conveyance tax on the sale of homes valued at \$1,200,000 and more to finance the purchase and maintenance of parks under the jurisdiction of the counties to serve the homeless.

As proposed, the Conveyance Tax increase will also apply to the conveyance of multi-family rentals, land for residential subdivisions, mixed-income and multi-use properties, commercial properties, resort properties, and agricultural lands, as well as condominium and single-family homes. HAR believes that, while the parks for homeless special fund may have value, the Conveyance Tax increases set forth in H.B. 2488, H.D.1, will again increase the already high cost of housing, living and doing business in Hawaii.

In 2005, the Conveyance Tax was increased on: (1) the sale of realty for all transfers or conveyance of realty or any interest (i.e. commercial, timeshare, agricultural, industrial, etc. and condominium or single family residence for which the purchaser is eligible for a county homeowner's exemption), and (2) the sale of a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption.

In 2009, the Legislature increased the Conveyance Tax on: (1) the sale of realty from 30 cents per \$100 (.30%) for properties over \$1,000,000 to a maximum of \$1.00 (1%) per \$100 for properties over \$10,000,000 -- an increase of over 333%, and (2) the sale of a property ineligible for a county homeowner exemption from 30 cents per \$100 to \$1.25 per \$100 (1.25%) -- an increase of over 416.66%.



**HB 2488 HD1
RELATING TO THE HOMELESS**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 24, 2010

Chair Marcus Oshiro and Members of the House Committee on Finance:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) on HB 2488 HD1, "A BILL FOR AN ACT RELATING TO THE HOMELESS." We respectfully oppose this bill.

This bill increases the conveyance tax to finance the purchase, acquisition, design, and maintenance of State and County parks to serve the homeless population. While we support efforts to alleviate homelessness here in Hawaii, we are concerned with the negative impact that this measure may have upon Hawaii's businesses, residents, and our economy. We anticipate that the new tax imposed by this bill, which will be imposed on both residential and non-residential properties, will increase both the cost of housing and cost of doing business here in Hawaii. The bill may also have a negative impact in attracting outside investments in Hawaii businesses and other entities.

Based on the aforementioned we respectfully request that this bill be held in your Committee.

Thank you for the opportunity to testify.

HOUSE COMMITTEE ON FINANCE
WEDNESDAY, FEBRUARY 24, 2010, 10:00 am CR 308
IN SUPPORT OF HB 2488-RELATING TO HOMELESSNESS

Aloha Chair Marcus Oshiro, Vice Chair Marilyn Lee and members of the Finance Committee.

Thank you very much for the opportunity to testify in strong support for HB 2488.

I am Ilalo Parayno, a retired educator and spent 41 years with Department of Education as a teacher and administrator.

The purpose of this bill is to help the homeless population by increasing the conveyance tax to create a special fund that will be available to maintain parks and provide basic services to support the growing homeless population that has no other means of support from community.

The support system in providing assistance and basic services has declined overtime due to money constraint and if the population of homeless continues to grow, there will be a tremendous unfavorable environmental impact in our community. This is a problem that we as a member of the community should not ignore.

Mahalo

Testimony in
SUPPORT
of
House Bill 2488

Finance Committee
February 24, 2010
Room 308

Dear Chair Oshiro, Vice-Chair Lee and members,

I would like to voice my support for HB2488.

Those who have worked hard and have made a lot of money deserve credit. In the same breath those who have much should be willing to help those less fortunate.

This bill will tax the conveyance tax levied against home valued at 1.2 million dollars. The funds raise will be used to finance the purchase and maintenance of parks under the jurisdiction of the counties to serve the homeless.

I support this bill because most of the individuals wandering our streets do not have the ability to better their standard of living. Most people would be hard press to claim that a "normal" person would chose to sleep on the ground or a park bench with no roof over their head or bathroom to use in the middle of the night. No "normal" individual would feel comfortable going days if not weeks without a shower or bath. No "normal" person would wake up and not have any idea where they will get food to eat that day.

Unfortunately our community is becoming more and more blighted by our homeless and their lack of cleanliness.

If is for these reason that I support the passage of the bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "S. Nunes".

Shawn Nunes, Concerned Citizen