



March 22, 2016

Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair
Senate Committee on Ways and Means

Opposition to HB 1527, HD1, Relating to Taxation. (Requires the Department of Taxation to evaluate and recommend the repeal of certain tax credits and tax exemptions and report to the Legislature before the regular session of 2018. Beginning July 1, 2018, and every five years thereafter, requires the Department of Taxation to evaluate new tax credits and exemptions.)

WAM Hearing: Wednesday, March 23, 2016, 9:15 a.m., in Conf. Rm. 211

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

HB 1527, HD1. This bill requires the Department of Taxation (DoTax) to evaluate and recommend the repeal of certain tax credits and tax exemptions and report to the Legislature before the regular session of 2018. Beginning July 1, 2018, and every five years thereafter, requires the DoTax to evaluate new tax credits and exemptions.

LURF's Position: LURF supports the general intent of this bill, however, LURF must oppose the current form of HB 1527, HD1, to the extent that it impacts:

- Important Agricultural Lands (IAL) qualified agricultural costs tax credits, because it could have an adverse effect upon the voluntary designation of IAL; and
- The General Excise Tax (GET) exemption for certified or approved housing projects and the Low-Income Housing Tax Credit (LIHTC), because it could have an adverse effect upon the development of affordable housing.

In particular, LURF would respectfully request that this Committee amend **HB 1527, HD1, as follows:**

- **Delete** the provision relating to Section 235-110.93, Hawaii Revised Statutes (HRS), (IAL qualified agricultural costs tax credits);
- **Delete** the provision relating to Section 237-29, HRS, (GET; exemptions for certified or approved housing projects); and
- **Delete** the provision relating to Section 241-4.7, HRS, (banks and other financial corporations tax; LIHTC).

For the reasons stated above, LURF **must oppose the above sections of HB 1527, HD1**, and respectfully requests that **the above sections be deleted from this measure**, or that this bill be **held** in this Committee.

Thank you for the opportunity to present testimony regarding this measure.