

STAND. COM. REP. NO.

661

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 698
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 698
entitled:

"A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX,"

begs leave to report as follows:

The purpose of this measure is to address affordable housing
needs by:

- (1) Increasing the rate of real estate conveyance tax for
properties with a value of at least \$2,000,000 or more;
and
- (2) Removing the cap on conveyance tax revenues to be
deposited into the Rental Housing Revolving Fund.

The Office of Hawaiian Affairs, Housing Now Coalition, First
United Methodist Church, Hawaii Habitat for Humanity Association,
League of Women Voters of Hawaii, Faith Action for Community
Equity, Life of the Land, Hawaii Appleseed Center for Law Economic
Justice, and several concerned individuals supported this measure.
The Chamber of Commerce Hawaii, Taubman Centers, Hawaii
Association of Realtors, and Land Use Research Foundation of
Hawaii opposed this measure. The Department of Budget and
Finance, Department of Taxation, Hawaii Housing Finance and
Development Corporation, Tax Foundation of Hawaii, Building

HB698 HD1 HSCR HSG HMS 2017-2397



Industry Association of Hawaii, General Contractors Association of Hawaii, and Hale Kupuna provided comments.

Your Committee has amended this measure by:

- (1) Including a conveyance tax rate structure for the sale of real property for the preservation of an eligible rental housing project where the units are for persons or families with incomes at or below 140% of the area median income to a developer that is subject to an agreement approved by the Hawaii Housing Finance and Development Corporation;
- (2) Changing the effective date to a date to be determined, to facilitate further discussion; and
- (3) Making technical nonsubstantive amendments for 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. 698, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 698, H.D. 1, and be referred to your Committee on Finance.

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



TOM BROWER, Chair



