STAND. COM. REP. NO.

Honolulu, Hawaii

February 17

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

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

## State of Hawaii House of Representatives The Twenty-ninth Legislature

## HSCR661

## **Record of Votes of the Committee on Housing**

Bill/Resolution No.:  HB 698	Committee Referral: HSG, FIN	Date:	2/16/17	7
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: ☐ Pass, unamended (as is) ☐ Pass, with amendments (HD) ☐ Hold ☐ Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)				
2. NAKAMURA, Nadine K. (VC)				
3. AQUINO, Henry J.C.				
4. HASHEM, Mark J.				
4. HASHEM, Mark J.				
5. QUINLAN, Sean				
6. SAN BUENAVENTURA, Joy A.				
7. McDERMOTT, Bob			<b>/</b>	
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TOTAL (7)	6		1	
The recommendation is:  Adopted  If joint referral, did not support recommendation.  committee acronym(s)				
Vice Chair's or designee's signature:  **Multiple**   Multiple**   Mul				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				