STAND. COM. REP. NO. 29

Honolulu, Hawaii

, 2018

MAR 22

S.B. No. 2416 RE:

> S.D. 2 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2018 State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2416, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to amend the conveyance tax statute by:

- Amending the conveyance tax rates for properties valued at \$2,000,000 or more;
- (2) Exempting real property used for the purpose of affordable housing; and
- Removing the cap on conveyance tax allocations to the Rental Housing Revolving Fund.

Catholic Charities Hawaii, Hawaii Habitat for Humanity Association, Young Progressives Demanding Action, Housing Now, and an individual supported this measure. Hawai'i Association of REALTORS, Kohala Coast Resort Association, Land Use Research Foundation of Hawaii, NAIOP Hawaii, and a few individuals opposed this measure. The Hawaii Housing Finance and Development Corporation, Department of Taxation, Office of Hawaiian Affairs,

Hawaiian Community Assets, IMUAlliance, and Tax Foundation of Hawaii offered comments for this measure.

Your Committee notes the testimony of IMUAlliance urging the increase of the conveyance tax for properties valued at \$1,000,000 or more, and highlighting that the widening wealth gap in Hawaii has made securing rental apartments financially difficult and homeownership out-of-reach for many residents.

Your Committee has amended this measure by narrowing the affordable housing exemption to include only real property subject to a government assistance program and used for the provision of affordable housing for qualified persons within the State.

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 S.B. No. 2416, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2416, S.D. 2, 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 HSCK 12-98-18

Record of Votes of the Committee on Housing

SB 2416 SD2	Committee Referral:	Date	3/13/18	3
☐ 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)		27 Mai 28 mar ann an		
2. NAKAMURA, Nadine K. (VC)				
3. AQUINO, Henry J.C.				
4. HASHEM, Mark J.			<u>C.,</u>	
5. QUINLAN, Sean				
C SAN DUENA VENTUDA LOS A				
6. SAN BUENAVENTURA, Joy A.				
7. MCDERMOTT, Bob				
			V	
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TOTAL (7)	5		1	
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				