

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF TAXATION**

830 PUNCHBOWL STREET, ROOM 221
HONOLULU, HAWAII 96813

<http://tax.hawaii.gov/>

Phone: (808) 587-1540 / Fax: (808) 587-1560

Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Tom Brower, Chair
and Members of the House Committee on Housing

Date: Thursday, February 1, 2018
Time: 9:00 A.M.
Place: Conference Room 423, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: H.B. 2749, Relating to Housing

The Department of Taxation (Department) defers to the Hawaii Housing Finance and Development Corporation (HHFDC) on the merits of H.B. 2749 and provides the following comments for your consideration.

H.B. 2749 creates a state sustainable affordable leasehold housing program by authorizing HHFDC to enter into ninety-nine year leases of residential condominium units located on state lands with eligible low- and moderate-income households. HHFDC must adopt rules pursuant to chapter 91 to prescribe necessary terms and conditions of the measure. The bill is effective July 1, 2018.

Section 201H-F of S.B. 2749 allows HHFDC to waive owner-occupancy requirement for up to ten years after the purchase of the unit, during which time the unit may be rented or leased, provided that the qualified residents have paid resident state income taxes during all years in which they occupied the dwelling, and continue to pay resident state income taxes during the waiver period.

The Department notes under Hawaii Revised Statutes section 235-116, the Department is prohibited from sharing confidential tax return information. As such, the Department will not be able to confirm with HHFDC whether such individuals have paid state income taxes for any years unless given the authority to do so. Thus, the Department suggests giving it express authority to provide HHFDC with the tax information necessary to makes its determination(s).

Thank you for the opportunity to provide comments.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

February 1, 2018 at 9:00 a.m.
State Capitol, Room 423

In consideration of
H.B. 2749
RELATING TO HOUSING.

The HHFDC supports the overall concept of H.B. 2749. There is a need for authority to enter very long-term land leases to make the development of affordable condominium projects on state lands economically feasible.

HHFDC is currently vetting this bill with housing developers and lenders. We are willing to work with the Legislature on this measure as it moves through the hearing process.

Thank you for the opportunity to testify.