

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



CATHY BETTS
DIRECTOR
KA LUNA HO'OKELE

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KA HOPE LUNA HO'OKELE

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DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 3, 2024

To: The Honorable Representative Della Au Belatti, Chair
House Committee on Health & Homelessness

FROM: Cathy Betts, Director

SUBJECT: **HB 2629 – RELATING TO THE CONVEYANCE TAX.**

Hearing: Wednesday, February 7, 2024, 8:30 a.m.
Conference Room 329, State Capitol & Video Conference

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this measure, offers comments, and defers to the Department of Taxation (DOTAX), Hawaii Public Housing Authority (HPHA), Department of Land and Natural Resources (DLNR), and Hawaii Housing Finance and Development Corporation (HHFDC) regarding the impacts on their relative agencies and overall fiscal impact.

PURPOSE: The purpose of this bill is to establish the Homeless Services Fund. Amends the conveyance tax rates based on property values. Repeals the conveyance tax rates set separately for conveyances for which the purchasers are ineligible for a county homeowner's exemption on property tax. Exempts from conveyance taxes, conveyances of real property to organizations with certain affordability requirements and to certain nonprofit organizations. Allows collected conveyance taxes to be allocated to the Affordable Homeownership Revolving Fund and Homeless Services Fund and amends the allocations to the Land Conservation Fund and Rental Housing Revolving Fund. Allows counties to apply for matching funds from the

Affordable Homeownership Revolving Fund for housing projects that are subject to a perpetual affordability requirement.

DHS is concerned regarding the potential impact of amending the current allocation of conveyance tax revenue to the Land Conservation Fund and the Rental Housing Revolving Fund (RHRF). The RHRF has been an important tool for rental housing development, and it is unclear how reducing the amount of conveyance tax paid into the fund will impact future housing development for low-income households. Hawaii needs robust investment in the continuing development of low-income housing inventory. Increasing low-income rental inventory is the primary goal to address homelessness.

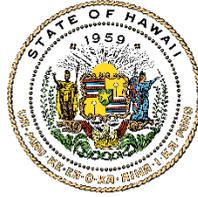
DHS agrees there is a critical need to maintain and grow funding for both homeless services and for supportive housing that includes subsidized rent and wraparound support services. DHS is requesting additional funding in the executive budget to increase funding for homeless service contracts, including outreach, shelter, rapid rehousing, permanent supportive housing, civil legal services, and housing placement programs. DHS also notes that the Statewide Office on Homelessness and Housing Solutions (SOHHS) is currently developing a supportive housing pilot program pursuant to [Act 95, SLH 2023](#).

If this measure proceeds, DHS respectfully requests the Legislature's continued support of its executive budget request for homeless services.

Thank you for the opportunity to provide comments on this measure.

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA**

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN KP KANAKAOLE
FIRST DEPUTY

DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
DAWN N. S. CHANG
Chairperson**

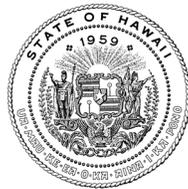
**Before the House Committee on
HEALTH & HOMELESSNESS**

**Wednesday, February 7, 2024
8:30 AM
State Capitol, Conference Room 329**

**In consideration of
HOUSE BILL 2629
RELATING TO THE CONVEYANCE TAX**

House Bill 2629 includes a proposal to strengthen the buying power of the Legacy Land Conservation Program by removing the \$5.1 million cap on the maximum amount of annual conveyance tax revenue deposited into the Land Conservation Fund. **The Department of Land and Natural Resources (Department) supports this measure.**

Mahalo for the opportunity to testify in support of this measure.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
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HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON HEALTH AND HOMELESSNESS
ON
HOUSE BILL NO. 2629

February 7, 2024
8:30 a.m.
Room 329 and Videoconference

RELATING TO THE CONVEYANCE TAX

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 2629: 1) establishes the Homeless Services Fund (HSF) within the State treasury to be administered and managed by the Hawai'i Public Housing Authority (HPHA) to provide homeless services and supportive housing; 2) sets allowable sources of funding, allowable uses, and reporting requirements of the HSF; 3) amends allowable sources of funding for the Affordable Homeownership Revolving Fund (AHRF) to include conveyance taxes; 4) amends allowable uses for the AHRF to include providing matching funds to eligible counties; 5) consolidates conveyance tax brackets with higher conveyance tax rates; and 6) adds exemptions from conveyance taxes for properties with a remaining price-restricted affordability period of at least 30 years and properties conveyed to nonprofit organizations to be held in an undeveloped state for conservation purposes. The bill also amends the distribution scheme of the conveyance tax revenues to: remove the caps on payments to the Land Conservation Fund and the Rental Housing Revolving Fund (RHRF); decrease the percentage of revenues provided to the RHRF from

50% to 25%; provide 25% of revenues to the AHRF; and provide 10% of revenues to the HSF.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should:

1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 2629, it is difficult to determine whether the proposed HSF will be self-sustaining (i.e., the annual revenues are sufficient to cover all ongoing annual costs) given that the expected scope of services and supportive housing to be provided by HPHA is not entirely clear.

B&F would also like to note that the proposed consolidation of brackets and adjustment of rates for the conveyance tax will also: 1) remove any cost difference between selling a condominium or single-family residence to a purchaser who is eligible for a county homeowner's exemption and selling to a purchaser who is not; and 2) will cause an increase in conveyance tax cost of at least 25% for all non-exempt transfers or conveyance of realty.

Thank you for your consideration of our comments.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII
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**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2629, Relating to the Conveyance Tax.

BEFORE THE:

House Committee on Health & Homelessness

DATE: Wednesday, February 07, 2024

TIME: 8:30 a.m.

LOCATION: State Capitol, Room 329

Chair Belatti, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (“Department”) offers the following comments regarding H.B. 2629 for your consideration.

H.B. 2629 makes significant changes to chapter 247, Hawaii Revised Statutes (HRS), which governs the conveyance tax. First, section 4 of the bill, starting on page 8, line 19, amends section 247-2, HRS, to amend the rate of the conveyance tax as follows:

Property Value	Current Rate of Tax	Proposed Amended Rate
Less than \$600,000	\$0.10 per \$100 of value	\$0.50 per \$100 of value
At least \$600,000 but less than \$1,000,000	\$0.20 per \$100 of value	
At least \$1,000,000 but less than \$2,000,000	\$0.30 per \$100 of value	
At least \$2,000,000 but less than \$4,000,000	\$0.50 per \$100 of value	\$4.00 per \$100 of value
At least \$4,000,000 but less than \$6,000,000	\$0.70 per \$100 of value	
At least \$6,000,000 but less than \$10,000,000	\$0.90 per \$100 of value	
\$10,000,000 or greater	\$1.00 per \$100 of value	\$6.00 per \$100 of value

The bill would also eliminate paragraph (2) of section 247-2, HRS, which provides different conveyance tax rates for the sale of condominiums or single-family residences for which the purchaser is ineligible for a county homeowner's exemption on property taxes.

Additionally, section 5 of H.B. 2629, starting on page 12, line 5, amends section 247-3, HRS, to add two new exemptions to conveyance tax law: one for any document or instrument conveying real property to an organization that has a minimum of thirty years remaining of a price-restricted affordability period, or places a deed restriction on the property to maintain permanent affordability; and one for any document or instrument conveying real property to a nonprofit organization that is both 1) exempt from federal income tax and 2) will hold the property in an undeveloped state and for conservation purposes in perpetuity through a deed restriction on the property.

Section 6 of the measure, starting on page 16, line 16, amends the disposition of conveyance tax revenue under section 247-7, HRS, eliminating existing dollar thresholds and using only percentages to make allocations to four special funds. H.B. 2629 is effective upon approval.

The Department notes that, as currently drafted, the proposed new exemption from conveyance tax in section 247-3(18), HRS, does not define "price-restricted affordability" or "permanent affordability." The Department requests that definitions for these terms be added in order to properly administer and verify this new exemption.

The Department also requests that the effective date of this measure be postponed to January 1, 2025. This will provide time for necessary changes to forms and instructions, as well as to educate taxpayers about these upcoming changes.

Thank you for the opportunity to provide comments on this measure.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
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

Statement of **DEAN MINAKAMI**

Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HEALTH & HOMELESSNESS

February 07, 2024 at 8:30 a.m.
State Capitol, Room 329

In consideration of
H.B. 2629
RELATING TO THE CONVEYANCE TAX.

HHFDC has comments on HB 2629, which establishes the Homeless Services Fund (HSF); generally and progressively increases the conveyance tax rates; allocates a portion of collected conveyance taxes to the Affordable Homeownership Revolving Fund (AHRF) and HSF; and reduces the allocations to the Land Conservation Fund and Rental Housing Revolving Fund (RHRF), among other things.

HHFDC recognizes that homelessness is a longstanding statewide issue, and we support State and county efforts to provide the unsheltered homeless with housing and related services. Accordingly, HHFDC supports the establishment of HSF and the related funding stream.

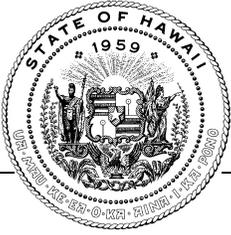
AHRF was established in 2021 to offer loans to nonprofit community development financial institutions and nonprofit housing development organizations who develop affordable homeownership housing projects. HHFDC appreciates this bill's funding stream of 25% conveyance taxes collected for AHRF because HHFDC-administered funds (AHRF and RHRF) will continue to receive a total of 50% of conveyance taxes collected. (Currently, RHRF receives 50% of conveyance taxes collected up to a cap of \$38 million.)

While HHFDC supports an increase in conveyance tax rates, our concern is that the increases contained in this bill are quite steep and may disincentivize property owners from transacting property.

H.B. 2629 RELATING TO THE CONVEYANCE TAX
PAGE 2

Finally, while HHFDC supports allowing the counties to apply for matching funds from AHRF, we suggest that the bill be amended to delete the related perpetual affordability requirement.

Thank you for the opportunity to testify on this bill.



**STATE OF HAWAII
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT**

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARY ALICE EVANS
INTERIM DIRECTOR

235 South Beretania Street, 6th Floor, Honolulu, Hawaii'i 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii'i 96804

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Written Testimony Only

Statement of
MARY ALICE EVANS, Interim Director

before the
HOUSE COMMITTEE ON HEALTH AND HOMELESSNESS

Wednesday, February 7, 2024

8:30 AM

State Capitol, Conference Room 329

in consideration of
BILL NO HB2629
RELATING TO THE CONVEYANCE TAX.

Chair Belatti, Vice Chair Takenouchi, and Members of the House Committee on Health and Homelessness:

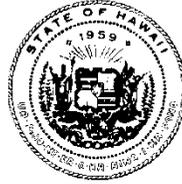
The Office of Planning and Sustainable Development (OPSD) **offers comments** on HB2629, which establishes the Homeless Services Fund, amends conveyance tax rates based on property values, allocates collected conveyance taxes to the Affordable Homeownership Revolving Fund and Homeless Services Fund, and amends the allocations to the Land Conservation Fund and Rental Housing Revolving Fund, among other actions.

While OPSD appreciates the intent of the bill to increase funding for homeless services and affordable homeownership, we prefer the approach in HB2364, an administration bill, which proposes increases to the conveyance tax on properties valued at or over \$6,000,000 and allocation of ten percent of the tax to an infrastructure fund to support housing development for use in transit-oriented development areas. The new tax revenue allocated to the Dwelling Unit Revolving Fund (DURF) will help build infrastructure to unlock housing production, which will include long-term affordable housing options for formerly homeless, and for those who are at risk of homelessness due to rising housing costs.

Per the Legislature's direction and funding in Act 88, SLH 2021, Sec. 39, OPSD recently completed the *TOD Infrastructure Finance and Delivery Strategy*, which identified possible revenue sources to fund infrastructure for housing development (see https://files.hawaii.gov/dbedt/op/lud/Reports/TOD_InfraFin_Strategy_20231221.pdf). The study identified the need for regular, predictable revenue sources to help finance regional public infrastructure to facilitate transit-oriented development on state, county, and private lands.

Thank you for the opportunity to testify on this measure.

JOSH GREEN, M.D.
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
HAWAII PUBLIC HOUSING AUTHORITY
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POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

IN REPLY, PLEASE REFER TO:

Statement of
Hakim Ouansafi, Executive Director
Hawaii Public Housing Authority

Before the
HOUSE COMMITTEE ON HEALTH & HOMELESSNESS

Wednesday, February 7, 2024
8:30 AM – Room 329, Hawaii State Capitol

In consideration of
HB 2629
RELATING TO THE CONVEYANCE TAX

Honorable Chair Belatti, and members of the House Committee on Health & Homelessness, thank you for the opportunity to provide testimony on House Bill (HB) 2629, relating to the conveyance tax.

The Hawaii Public Housing Authority (HPHA) **supports the intent** of HB 2629 and **provides the following comments**. This measure, among other things, establishes the Homeless Services Fund to be administered and managed by the HPHA for homeless services and supportive housing, including homeless facilities programs.

Under Act 89 Session Laws of Hawaii 2010, state homeless programs and services were taken out of the HPHA and relocated within the Department of Human Services' Benefit, Employment, and Support Services Division. While the HPHA is always willing to assist DHS, the potential for increased bureaucracy and administrative complexities could hinder the timely obligation of funding and the implementation of homeless program initiatives.

The HPHA appreciates the opportunity to provide the Committee with the HPHA's testimony. We thank you very much for your dedicated support.



February 2, 2024

Representative Della Au Belatti, Chair
Representative Jenna Takenouchi, Vice Chair
House Committee on Health & Homelessness

Comments and Concerns in Opposition to HB 2629, Relating to the Conveyance Tax (Establishes the Homeless Services Fund. Amends the conveyance tax rates based on property values. Repeals the conveyance tax rates set separately for conveyances for which the purchasers are ineligible for a county homeowner's exemption on property tax. Exempts from conveyance taxes, conveyances of real property to organizations with certain affordability requirements and to certain nonprofit organizations. Allows collected conveyance taxes to be allocated to the Affordable Homeownership Revolving Fund and Homeless Services Fund and amends the allocations to the Land Conservation Fund and Rental Housing Revolving Fund. Allows counties to apply for matching funds from the Affordable Homeownership Revolving Fund for housing projects that are subject to a perpetual affordability requirement.)

Wednesday, February 7, 2024, at 8:30 a.m.; State Capitol, Conference Room 329, via Videoconference

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 utility companies. 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.

LURF appreciates the opportunity to provide **comments and concerns in opposition** to this bill.

HB 2629. The stated purposes of this bill are amongst other things, to establish the Homeless Services Fund; to amend and repeal current conveyance tax rates and create new exemptions from conveyance taxes; to allow collected conveyance tax revenues to be allocated to the Affordable Homeownership Revolving Fund and the Homeless

Services Fund; and to amend the allocations to other funds currently being funded by conveyance tax revenues. In short, the measure is intended as a method to generate revenue using and re-directing conveyance tax revenues which are to be paid into the state treasury to the credit of the general fund of the State, with seventy percent (70%) of said total revenue proposed to be directed into four designated special and revolving funds: the Land Conservation Fund established pursuant to Hawaii Revised Statutes (HRS) Section 173A-5; the Rental Housing Revolving Fund established by HRS Section 201H-202 (for both of which funds the dollar amount to be paid into each fiscal year is proposed to be amended); the Affordable Homeownership Revolving Fund established pursuant to HRS Section 201H-206; and the Homeless Services Fund proposed to be established by this bill (for the purpose of funding homeless services and supportive housing, including homeless facilities programs for the homeless). To do so, this bill proposes to:

1. Establish the Homeless Services Fund;
2. Amend the conveyance tax rates based on property values;
3. Repeal the conveyance tax rates set separately for conveyances for which the purchasers are ineligible for a county homeowner's exemption on property tax;
4. Exempt from conveyance taxes, conveyances of real property to organizations with certain affordability requirements and to certain nonprofit organizations;
5. Allow collected conveyance taxes to be allocated to the Affordable Homeownership Revolving Fund and Homeless Services Fund and amend the allocations to the Land Conservation Fund and Rental Housing Revolving Fund; and
6. Allow counties to apply for matching funds from the Affordable Homeownership Revolving Fund for housing projects that are subject to a perpetual affordability requirement.

LURF's Position. The proposed amendments, repeals, exemptions, and allowances in HB 2629 relating to the conveyance tax is arguably inappropriate, improper, and illegal, given the following:¹

1. The Hawaii conveyance tax was never intended to be and should not operate as a revenue-generating tax.

Chapter 247 (Conveyance Tax) of the HRS was purposefully enacted in 1966 to provide the State Department of Taxation ("DoTax") with informational data for the

¹ Further opposition to HB 2629 may be warranted but shall be reserved until the actual purpose of the measure and details regarding disposition and use of the revenues to be collected are disclosed, as is proper and appropriate with any proposed bill for which the intended purpose is to generate revenue.

determination of market value of properties transferred, and to assist the DoTax in establishing real property assessed values. In short, the sole intent of the conveyance tax was originally to cover the administrative costs of collecting and assessing said informational data, which necessarily entails the recording of real estate transactions, as performed by the Bureau of Conveyances.

Since the enactment of HRS Chapter 247, however, the State Legislature has proposed, and has somehow managed to implement changes to the law 1) to allow application of conveyance tax revenue to a number of non-conveyance type uses (Land Conservation Fund; Rental Housing Trust Fund; and Natural Area Reserve fund) to the point where there is no longer any clear nexus between the benefits sought by the original Act and the charges now proposed to be levied upon property-holding entities transferring ownership; and 2) also to increase the tax rates to the point where said revenues now far exceed the initially stated purpose of the Act. Moreover, supplemental funding for some of those expanded uses for which conveyance tax revenues were subsequently authorized has since been determined to be unnecessary, and recommended to be discontinued, creating an even stronger basis for legal objection and challenge.

Such expansions and deviations, including the allocation of conveyance tax now to the Affordable Homeownership Revolving Fund and Homeless Services Fund specifically for the purpose of funding homeless services, housing, and facilities programs as proposed by the current measure, **go far beyond the scope of the original intent of the conveyance tax law**, and are concerning to LURF since the proposed bill, particularly if unlawfully targeting specific types of transactions or groups of property owners, could be characterized as **imposing an improper penalty, hidden tax, or surcharge, which may be subject to legal challenge**.

2. HB 2629 is arguably illegal and in violation of Sections 37-52.3 and 37-52.4, HRS, because it attempts to use the conveyance tax to subsidize or increase subsidies to special and revolving funds which do not have a clear link between the program and the sources of revenue.

Special funds are subject to HRS Sections 37-52.3 and 37-52.4. Criteria for the establishment and continuance of special and revolving funds was enacted by the 2002 Legislature through Act 178, SLH 2002, Sections 37-52.3 and 37-52.4, HRS. To be approved for continuance, a special fund must:

- a. serve the purpose for which it was originally established;
- b. reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program *or a clear link between the program and the sources of revenue*, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process;
- c. provide an appropriate means of financing for the program or activity; and
- d. demonstrate the capacity to be financially self-sustaining.

The first and second criteria are nearly identical to those in Act 240, SLH 1990, codified in Section 23-11, HRS, requiring the Auditor to review all legislative bills in each session to establish new special or revolving funds. It appears that the intent of HB 2629 is to find an additional source of funding for homeless related services, housing, and programs by increasing conveyance tax rates for the transfer of certain properties, pointedly those with higher values. In doing so, proponents of this bill attempt to use unsubstantiated, irresponsible, and potentially inaccurate information and obviously prejudiced observations including the statement on page 2, Paragraph 2 of the bill which states **“The legislature notes that almost all homes in the State that are sold for over \$2,000,000 are purchased as investment properties, not as homes for full-time residents,”** to support the measure. More importantly, the State Auditor has in the past concluded that such an arrangement where there is no *clear link* with the funding source (individuals and companies involved in particular types of real estate transactions) should be repealed.

3. Other legal and voluntary alternatives may be available to increase funding or incentivize support for homeless services, housing, and programs.

In lieu of improperly imposing increases of conveyance taxes to increase the State’s general fund, or to subsidize or increase revenue for certain unrelated special funds with no clear link to the conveyance tax purposes or beneficiaries, proponents of those special funds or programs are urged to look to other possible legitimate means to do so, including funding support through other “related” or “linked” state and county charges, federal funding, and other fees and taxes particularly resources specifically for health and human services, including homelessness.

Given the “*clear nexus*” requirement for special and revolving funds, and also given that general funding and alternative methods to secure revenues for these funds exist, expansions and deviations of HRS Chapter 247 which go beyond the scope of the original intent of the conveyance tax law are again concerning since this proposed bill, particularly if it unlawfully targets transactions involving the sale of interests by a particular group of individuals or entities which own real property in the State, could be characterized as **imposing an improper penalty, hidden tax, or surcharge, which may be subject to legal challenge.**

4. Attempts to utilize the State conveyance tax as a revenue generating tax without rightful justification based on necessary fact-finding, research, and expert consultation will likely cause serious unintended negative consequences.

a. Hawaii’s working-class residents, long-time property owners, and large *kama`aina* landowners will likely be negatively affected.

The fact that the Hawaii conveyance tax was never intended to be and should not operate as a revenue-generating tax aside, given the recent increase in property values

in Hawaii which have escalated over the past years, it is not at all inconceivable for Hawaii's middle-income working class homeowners, particularly local senior citizens on fixed incomes to own property currently valued at more than \$2,000,000, to be negatively impacted by this measure upon sale of their long-time residences. These types of proposed bills would also affect kama`aina landowners who may be transferring large properties for agricultural farms, housing developments, environmental programs, or other developments that would serve the community and create needed employment.

As far as LURF has been able to ascertain, proponents of this bill have never consulted with housing, commercial, and agricultural developers (e.g., NAIOP, Land Use Foundation of Hawaii), or experts in the real estate industry (e.g., Hawaii Association of Realtors), as to the impact of this bill. Neither have proponents consulted with or addressed the comments and concerns of tax and economic experts (e.g., DoTax, the Tax Foundation, the University of Hawaii, and other independent experts) relating to the underlying intent and legal purpose of the conveyance tax and what legal and economic effects and consequences may result from the proposed improper and inappropriate use of conveyance tax revenues.

As a result, as far as LURF understands, proponents of this bill have not offered any information or provided any factual data regarding the number and types of property owners and transactions which would be impacted by, as well as the expected dollar amounts which will actually be generated by this measure, necessary to support this bill. Also unknown at this time is whether said amounts would even be close to sufficient for the funds identified and for the purposes specified, and whether those amounts would weigh against and warrant the consequences which may be suffered by property owners and other stakeholders.

b. Such measures would create significant disincentive for business in Hawaii.

At a time when the State continues to reel from the effects of the Covid pandemic, and is still attempting to encourage business expansion in, and attract business operations to Hawaii, measures implemented to utilize the State conveyance tax as a revenue generating tax would create a disincentive and will have a substantial negative impact on persuading new and existing businesses to open or expand in Hawaii, or to relocate their operations to this State. The proposed additional cost of doing business in Hawaii would certainly appear to negatively outweigh any positive revenue impact resulting from the imposition of conveyance taxes pursuant to these types of measures.

c. This type of legislation would drive up the cost of lands for agricultural production, affordable and market homes, and commercial development.

This Committee should be aware that the impact of this proposed measure would not only affect owners of higher valued properties or non-residents but may **impact many industries and harm broad segments of Hawaii's economy**. The imposition of an increase of conveyance tax on transfers which affect **agricultural lands** will be passed on to farmers and other agricultural operators, making it even harder for agriculture to survive in Hawaii; the proposed imposition of the tax on transfers which affect **land intended for non-government assisted housing developments** will be passed on to home buyers and will thus increase the price of homes and exacerbate the affordable housing problem in Hawaii; the proposed imposition of the conveyance tax onto transfers which affect **commercial properties** will also be passed on to small businesses, creating yet another substantial financial burden on them. In addition, the proposed imposition of conveyance tax on transfers of **properties for health care-related facilities** may increase the cost of health care, and properties needed to be transferred for other facilities such as **renewable energy and sustainable tourism** may impact those industries and raise related costs as well.

- d. In addition to the exemptions proposed to be established by this bill, exemptions should also be created for all landowners and developers that support needed housing, and for those that otherwise already provide substantial support for the programs that are intended to benefit from conveyance tax revenues.**

Curiously, previous proposals made in in the past, including a 2023 bill attempting to use conveyance tax revenues for government assisted affordable housing was not passed and has been replaced in this HB 2629 with a proposed allocation to funds similarly aimed at addressing Hawaii's affordable housing crisis - although details describing how or to what extent the proposed allocation to said funds for such purposes would actually be effective have not been offered in this current bill.

LURF further emphasizes the irony and inequity of the fact that among the entities which will be hardest hit by these types of measures are Hawaii's large landowners that have already been building housing (including affordable housing) and have already been serving as excellent stewards of our lands, and are the leading partners in, and contributors to the purposes funded by conveyance tax revenues. At the very least, exemptions to these types of measures should be written in, or established for those entities that lend to all housing needs in the State, as well as support and participate in conservation and watershed programs.

Conclusion.

Given the incontrovertibly clear and express intent of Hawaii's conveyance tax law (HRS Chapter 247), which is to use State conveyance tax revenue to specifically cover administrative costs incurred by DoTax to collect and assess informational data, any use of State conveyance tax revenue must be strictly limited to that purpose as set out in the

original Act. Use of conveyance tax revenue for any other purpose is subject to scrutiny and legal challenge.

There is also significant concern that proposed measures which attempt to utilize the conveyance tax as a revenue generating tax will likely cause unintended negative consequences which would be detrimental to the State.

In view of these issues, legislators should be advised to act with caution, and to proceed judiciously when considering measures which propose to utilize or apply the conveyance tax as a revenue generating tax, especially to support the establishment or continuance of special, revolving and trust funds – some of which have not even adequately justified the need for such funding.

Due to the significance of the conveyance tax issues raised by HB 2629, **LURF respectfully requests that this bill be deferred by this Committee** to allow proponents to consult with experts to obtain and provide needed information and factual data as described above prior to proposing expanded and improper use of the Hawaii conveyance tax which was never intended to be and should not operate as a revenue-generating tax. At the very least, all stakeholders, including, but not limited to private land owners, the public, government agencies, legal and economic experts, and other interested parties should be allowed to work together to come to a consensus regarding the intent of the conveyance tax, as well as this bill's purpose and alternatives to subsidizing the general fund, including other broad-based supplemental funding by Hawaii's taxpayers and visitors.

Thank you for the opportunity to provide comments and concerns in **opposition** to this proposed measure.



February 5, 2024

Representative Della Au Belatti, Chair
Representative Jenna Takenouchi, Vice Chair
Members of the House Committee on Health
& Homelessness

RE: **HB 2629– RELATING TO CONVEYANCE TAX**
Hearing date – February 7, 2024 at 8:30 AM

Aloha Chair Belatti, Vice Chair Takenouchi, and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **OPPOSITION to HB 2629 – RELATING TO CONVEYANCE TAX**. NAIOP Hawaii is the Hawaii chapter of the nation’s leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders, and other professionals.

HB 2629 significantly increases the conveyance tax for all properties valued in Hawaii. Additionally, HB 2629 allocates 25 percent conveyance tax allocated to the Rental Housing Revolving Fund (RHRF) and 25 percent to the affordable homeownership revolving fund established pursuant to Section 201H-206. The measure further allocates ten percent of the conveyance tax into the homeless services fund.

NAIOP Hawaii is greatly concerned with the significant increases in conveyance tax for properties in Hawaii. First, the measure increases the conveyance tax to 50 cents per \$100 for properties valued at \$2 million and under. HB 2629 increases the tax rate of homeowner and commercial properties below \$1M by **150% - 400%**. Such a dramatic increase in conveyance tax rates is anticipated to result in sellers adjusting their prices to offset losses in net proceeds. This would greatly increase the cost of transacting for a median price home in Hawaii. Consequently, local housing prices will surge, making it increasingly challenging for new local homebuyers to enter the market. The proposed increased tax burden negatively affects local homeowners who are simply seeking to relocate to a different neighborhood.

Our state already has one of the worst conveyance taxes in the country. The increase to conveyance tax would disincentivize property owners to sell since their transaction costs would be much higher. In turn, many will instead opt to maintain their current ownership of the property ultimately resulting in less property transactions. A reduction in transactions will result in: 1) an overall decrease in conveyance tax received by the State; and 2) a meaningful reduction in economic activity as the acquisition of large properties typically comes with additional investment to redevelop and increase value of the asset; 3) decreased GET revenues and jobs.

Representative Della Au Belatti, Chair
Representative Jenna Takenouchi, Vice Chair
Members of the House Committee on Health
& Homelessness
February 5, 2024
Page 2

Moreover, the acquisition of new commercial property comes with additional investment to redevelop and increase value of the asset. The increase of conveyance tax would result in less capital to invest into the property, and thus, would make the transaction economically infeasible.

This would lead to less property transactions and reduce the amount of times conveyance tax is collected. Consequently, property values would decline proportionately to account for the increased transaction costs leading to lower real property tax receipts for the counties.

NAIOP Hawaii appreciates the additional allocations to RHRF and affordable homeownership revolving fund, however, we remain concerned with the broader economic impacts this measure may have on our State's economy long term if large property transactions are reduced

NAIOP Hawaii is concerned that this increase in conveyance taxes will reduce the private sector's investment into long term projects which stimulate economic activity in the State. Hawaii is already rated as one of the least business friendly states in the nation and increasing this tax rate will further discourage much needed investment here locally. Rather, additional efforts to encourage investment in Hawaii and incentivize the creation of new projects and businesses in Hawaii would stimulate our economy by creating jobs and tax revenue.

Accordingly, NAIOP Hawaii respectfully recommends that HB 2629 be deferred.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Reyn Tanaka', with a long horizontal flourish extending to the right.

Reyn Tanaka, President
NAIOP Hawaii

February 7, 2024

The Honorable Della Au Belatti, Chair

House Committee on Health & Homelessness
State Capitol, Conference Room 329 & Videoconference

RE: House Bill 2629, Relating to the Conveyance Tax

HEARING: Wednesday, February 7, 2024, at 8:30 a.m.

Aloha Chair Belatti, Vice Chair Takenouchi, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i and its over 11,000 members. HAR **opposes** House Bill 2629, which establishes the Homeless Services Fund. Amends the conveyance tax rates based on property values. Repeals the conveyance tax rates set separately for conveyances for which the purchasers are ineligible for a county homeowner's exemption on property tax. Exempts from conveyance taxes, conveyances of real property to organizations with certain affordability requirements and to certain nonprofit organizations. Allows collected conveyance taxes to be allocated to the Affordable Homeownership Revolving Fund and Homeless Services Fund and amends the allocations to the Land Conservation Fund and Rental Housing Revolving Fund. Allows counties to apply for matching funds from the Affordable Homeownership Revolving Fund for housing projects that are subject to a perpetual affordability requirement.

While we appreciate the intent of this measure to find a source of funding for a Homeless Services Fund and Affordable Housing Revolving Fund, we respectfully request another source of funding be identified. Increasing the Conveyance Tax will negatively impact the housing and real estate market in Hawaii and lead to an increase in the cost of housing. This measure proposes to greatly increase the Conveyance Tax rates for real property. The following are examples of the rate increases for properties less than \$2 million:

Property Value:	Current Per \$100:	New Rate:	Current Rate (in Dollars):	Proposed (in Dollars):
\$300,000	\$0.10	\$0.50	\$300	\$1,500 (5x current rate)
\$600,000	\$0.20	\$0.50	\$1,200	\$3,000 (2.5x current rate)
\$1,000,000	\$0.30	\$0.50	\$3,000	\$5,000 (1.66x current rate)

Additionally, the following are the increases for the new-tiered rates:

Property Value:	Current Per \$100:	Proposed:	Current Rate (in Dollars):	Proposed (in Dollars):
\$2,000,000	\$0.60	\$4.00 (4% of value)	\$12,000	\$80,000
\$4,000,000	\$0.85	\$4.00	\$34,000	\$160,000
\$6,000,000	\$1.10	\$4.00	\$66,000	\$240,000
\$10,000,000	\$1.25	\$6.00 (6% of value)	\$125,000	\$600,000
\$15,000,000	\$1.25	\$6.00	\$187,500	\$900,000

The Conveyance Tax applies not only to residential property such as single-family homes and condominiums, but to the conveyance of multi-family rentals, land for residential subdivisions, mixed-income and multi-use properties, commercial properties, resort properties, and agricultural lands. It was originally created to fund the Bureau of Conveyances, but has increased over the years and evolved into a revenue source for the Land Conservation Fund, Rental Housing Revolving Fund, and general fund. Removing the cap for both special funds or adding new special funds could lead to a decline in revenue for the general fund.

Hawaii's real estate market has slowed due to rising interest rates to address inflation, resulting in a 27.22% decrease in single-family home sales and 29.15% decrease in condominium sales year-to-date as of December 2023.¹ The challenge with linking funding to the Conveyance Tax is that when the real estate market is down, there may not be enough funds to pay for the programs it supports. The Conveyance Tax is then often targeted for increase to cover these programs; however, when the market is up, there are excess funds over and above the programs' needs. This becomes a cyclical issue, and the Conveyance Tax is never lowered even in an up market, thereby contributing to the ever-increasing cost of housing in our state.

Furthermore, this would affect development projects including affordable housing rentals or for sale projects, which purchase uninhabitable property and make it habitable. According to the Department of Business Economic Development and Tourism's 2019 report on Housing Demand in Hawaii, the state needs up to 45,497, housing units to meet demand in Hawaii by 2030². Ultimately, we have a housing supply problem, and the Conveyance Tax proposed in this measure adds to the cost of housing.

HAR would also note that the Conveyance Tax applies even if someone sells a property at a loss. Often, it is the seller that pays the Conveyance Tax. This makes it a punishing tax, especially for someone that is already struggling financially and needs to sell their assets. One pays the same Conveyance Tax regardless of whether it is sold at a loss or a profit. If there is a profit, real property is also taxed with capital gains. Moreover, large increases to the conveyance taxes also affect the equity one builds to move into a different home, such as needing more space for your growing family.

For the foregoing reasons, the Hawai'i Association of REALTORS® opposes this measure. Mahalo for the opportunity to testify.

¹ Hawai'i REALTORS®. (2023). *Statewide Real Estate Statistics*. www.hawaiiirealtors.com/resources/housing-trends-2

² Department of Business, Economic Development & Tourism. (2019). *Hawaii Housing Demand 2020-2030*. <https://files.hawaii.gov/dbedt/economic/reports/housing-demand-2019.pdf>

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TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE TAX; Rate Increase

BILL NUMBER: HB 2629, SB 3005

INTRODUCED BY: HB by BELATTI, AMATO, HUSSEY-BURDICK, ILAGAN, MARTEN, MARTINEZ, PERRUSO, Tam; SB by SAN BUENAVENTURA, Wakai

EXECUTIVE SUMMARY: Establishes the Homeless Services Fund. Amends the conveyance tax rates based on property values. Repeals the conveyance tax rates set separately for conveyances for which the purchasers are ineligible for a county homeowner's exemption on property tax. Exempts from conveyance taxes, conveyances of real property to organizations with certain affordability requirements and to certain nonprofit organizations. Allows collected conveyance taxes to be allocated to the Affordable Homeownership Revolving Fund and Homeless Services Fund and amends the allocations to the Land Conservation Fund and Rental Housing Revolving Fund. Allows counties to apply for matching funds from the Affordable Homeownership Revolving Fund for housing projects that are subject to a perpetual affordability requirement.

SYNOPSIS: Adds a new section to chapter 356D, HRS, to establish the Homeless Services Fund.

Amends section 201H-206, HRS, to insert language allowing counties to apply for matching funds from the fund if they have an approved comprehensive affordable housing plan that meets designated criteria.

Amends section 247-2, HRS, to delete the current conveyance tax rates and instead impose tax at:

- (1) Fifty cents per \$100 for properties with a value of less than \$2,000,000;
- (2) Four dollars per \$100 for properties with a value of at least \$2,000,000, but less than \$10,000,000; and
- (3) Six dollars per \$100 for properties with a value of \$10,000,000 or greater.

Amends section 247-3, HRS, to add two new exemptions for:

- (1) Any document or instrument conveying real property to an organization that has a minimum of thirty years remaining of a price-restricted affordability period, or places a deed restriction on the property to maintain permanent affordability; and
- (2) Any document or instrument conveying real property to a nonprofit organization that:
 - (A) Is exempt from federal income tax by the Internal Revenue Services; and

(B) Will hold the property in an undeveloped state and for conservation purposes in perpetuity through a deed restriction on the property.

Amends section 247-7, HRS, to remove the \$5.1 million cap on conveyance taxes earmarked for the land conservation fund (section 173A-5, HRS), to modify the earmark for the affordable homeownership revolving fund (section 201H-206) so it is a straight 25% of collections with no dollar limit, and to add an earmark for the homeless services fund of 25% of collections with no dollar limit.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS:

Conveyance Tax Hike

The conveyance tax was enacted by the 1966 legislature after the repeal of the federal law requiring stamps for transfers of real property. It was enacted for the sole purpose of providing the department of taxation (which at the time also administered the real property tax) with additional data for the determination of market value of properties transferred. This information was also to assist the department in establishing real property assessed values and at that time the department stated that the conveyance tax was not intended to be a revenue raising device.

Prior to 1993, the conveyance tax was imposed at the rate of 5 cents per \$100 of actual and full consideration paid for a transfer of property. At the time all revenues from the tax went to the general fund. The legislature by Act 195, SLH 1993, increased the conveyance tax to 10 cents per \$100 and earmarked 25% of the tax to the rental housing trust fund and another 25% to the natural area reserve fund. Because of legislation in 2005 and in 2009, the conveyance tax rates were substantially increased and bifurcated between nonowner-occupied residential properties and all other properties. Tax brackets were based on the amount of value transferred.

This bill proposes to raise conveyance tax rates yet again, and in dramatic fashion.

There are points lawmakers may wish to consider. First, the proposed new brackets have discontinuities at the bracket break points, which means that if taxable income increases by \$1 at a break point, such as from \$9,999,999 to \$10,000,000, the increase in tax will be substantially more than \$1. In this example the tax would go from \$200,000 to \$300,000. Substantial discontinuities such as these may motivate behavior for taxpayers near a break point. This behavior might not be desirable from an economic standpoint. Consideration should be given to making the conveyance tax brackets more like the existing income tax brackets which do not have this problem.

Second, it should be kept in mind that a large dollar value transaction doesn't necessarily mean that a filthy rich person ripe for the fleecing is on one or the other end. A multi-unit condominium housing development, for example, easily could sell for an eight-digit number.

Third, a tax increase of any magnitude in Hawaii's fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. As costs and overhead increase, employers must find ways to stay in business by either increasing prices to their customers or cut back on

costs. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or even laying off workers. A tax increase of any magnitude would send many companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

Tax Earmarks

Until 2005, 50% of the receipts went into the general fund and the other half was split with the affordable rental housing program and the natural area reserve program. Beginning in 2005, another 10% was taken for the land conservation fund.

Act 84, SLH 2015, imposed a \$6.8 million cap on the earmark. In 2015, the Conference Committee explained the rationale for the cap on the earmark as follows:

Your Committee on Conference finds that budgetary planning and transparency are key components to ensuring the ongoing fiscal health of the State. Your Committee on Conference believes that, by establishing maximum amounts to be distributed to various non-general funds from the conveyance tax, this measure will make forecasts of general fund revenues more reliable, will increase legislative oversight of agencies and programs supported by the non-general funds, and will subject those agencies and programs to competition for limited public funds if the agencies or programs want more than the amount automatically distributed to their non-general funds.

Conf. Comm. Rep. No. 156 (2015).

The cap on the earmark to the land conservation fund was reduced to \$5.1 million in the budget bill of 2020, Act 9, SLH 2020.

The dollar limits are proposed to be deleted and an additional earmark is proposed to be added by this bill.

Raising or removing the cap on the earmarked revenues should be done only with great caution. As with any earmarking of revenues, the legislature will be preapproving each of the programs fed by the fund into which the tax monies are diverted, expenses from the funds largely avoid legislative scrutiny, and the effectiveness of the programs funded becomes harder to ascertain. It is also difficult to determine whether the fund has too little or too much revenue.

If the legislature deems the programs and purposes funded by this fund to be a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. If the money were appropriated, lawmakers could then evaluate the real or actual needs of each program.

Digested: 2/5/2024



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 2629: RELATING TO THE CONVEYANCE TAX

TO: House Committee on Health & Homelessness

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i

Hearing: **Wednesday, 2/7/24; 8:3 am: CR 329 or Videoconference**

Chair Belatti, Vice Chair Takenouchi, and Members, Committee on Health & Homelessness:

Thank you for the opportunity to provide testimony **in Support of HB 2629**, amend the conveyance tax rates, establish a Homeless Services Fund, allocate revenues to the Affordable Homeownership Revolving Fund, and reduce funding to the Rental Housing Revolving Fund, etc. I am Rob Van Tassell with Catholic Charities Hawai'i. **We support this bill with the amendment below.**

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 75 years. CCH has programs serving elders, children, families, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawai'i. This bill is one of our affordable housing priorities.

The Legislature has stated that creating more affordable housing is one of the top priorities of the State. The conveyance tax revenues are the only dedicated source of funding to the RHRF, which has a proven track record of creating thousands of affordable rental units. We appreciate that this bill removes the \$38 million cap on the RHRF. However, it dramatically reduces the percentage to be paid to this fund from 50% to 25% of the conveyance tax revenues. With our ongoing housing crisis, now is NOT the time to reduce funding to the Rental Housing Revolving Fund (RHRF).

Catholic Charities Hawai'i respectfully urges you to amend this bill to **maintain 50% of the conveyance tax revenues to be paid to the Rental Housing Revolving Fund.**

Another top State priority is to end homelessness. Additional State revenues are needed to make a larger impact on homelessness. Allocating 10% of the conveyance tax to homeless services would be a critical step forward. Our homeless programs have worked hard and have reduced homelessness over the past few years. These new funds would expand services to move people off our streets.

Our state's conveyance tax rates have not been updated for over 14 years. With our ongoing housing crisis, now is the time to update these rates. Please support HB 2629, with an amendment to maintain the RHRF percentage of revenues at 50%. If you have any questions, please contact our Legislative Liaison, Betty Lou Larson at (808) 527-4813.





Testimony Before The
House Committees on Health and Homelessness (HLT)
IN SUPPORT OF HB2629
February 7, 2024, 8:30AM, Room 329

We are Olan Leimomi Fisher and Kevin Chang, Kua'āina Advocate and Executive Director, respectively, testifying on behalf of [Kua'āina Ulu 'Auamo \(or KUA\)](#). “Kua'āina Ulu 'Auamo” stands for “grassroots growing through shared responsibility,” and our acronym “KUA” means “backbone.” **Our mission is to connect and empower communities to improve their quality of life through the collective care for their biocultural (natural and cultural) heritage, serving as a “backbone organization” that supports creative and community driven solutions to problems stemming from environmental degradation.** Hawai'i's biocultural resources continue to be negatively impacted by political, economic, and social changes, and the increasing dangers of climate change make fostering and empowering resilient communities acutely critical.

Currently KUA supports three statewide networks of: (1) almost 40 mālama 'āina (caring for our 'āina or “that which feeds”) community groups collectively referred to as E Alu Pū (moving forward together); (2) over 60 loko i'a (fishpond aquaculture systems unique to Hawai'i) and wai 'ōpae (anchialine pool systems) sites in varying stages of restoration and development, with numerous caretakers, stakeholders, and volunteers known as the Hui Mālama Loko I'a (“caretakers of fishponds”); and (3) the Limu Hui made up of over 50 loea (traditional experts) and practitioners in all things “limu” or locally-grown “seaweed.” Our shared vision is to once again experience what our kūpuna (ancestors) referred to as **'āina momona** – abundant and healthy ecological systems that sustain our community resilience and well-being.

KUA supports HB2629 as an incremental step towards 'āina momona.

This bill proposes to strengthen the buying power of the Legacy Land Conservation Program by removing the cap on the maximum amount of annual conveyance tax revenue deposited into the Land Conservation Fund. If enacted as written, HB2629 would provide a mechanism for increasing the maximum amount of annual conveyance tax revenue deposited into the Land Conservation Fund. Among other needs, members of our statewide networks and future generations need a more skilled, objectively certified, and resourced Department of Land and Natural Resources' Division of Conservation and Resources Enforcement (DLNR-DOCARE) officers, and it is encouraging to see bills like HB2629 that will support DOCARE's evolution into a truly effective enforcement arm for our state's precious biocultural resources.

A primary function of KUA includes support for the development of an **'auwai**, or a system of resources, tools, bridges, relationships, and networks that cultivate and elevate our communities' efforts to greater levels of collective impact in the care of our biocultural resources. One of these resource pathways has been the Legacy Lands Fund which allows for the

acquisition or protection of lands that community groups can own outright, co-steward, or manage in collaboration with our state. **Allowing for more partnerships with community leaders and our state government to flourish benefits not only the intent and purpose of our Hawai'i State Constitution, but also uplifts future generations of responsible Hawai'i stewards.** Many of our network members have acquired (or have begun the process to acquire) land to serve as co-stewards or conservation easement monitors/managers, and a growing number of our communities have visions to one day own or co-manage resources with our state. As such, **we expect and hope for more community co-stewards over time seeking the support of the Legacy Land Conservation Program (LLCP).**

The resourceful and bright community members that KUA works with and supports are committed to ensuring the long-term health of our biocultural resources that they have cared for and depended on for generations – committing their lives to mālama i ka 'āina o Hawai'i, hugely benefiting everyone in our state and local governments. **We believe our environment, the foundation of our very existence, is about long-term investment and a vision of 'āina momona.** To get there it requires taking the steps necessary for greater self-sufficiency, development of a pipeline of new and more innovative career pathways, mindsets, relationships, and resources for mālama 'āina efforts. The LLCP program is one such pathway and an 'auwai “resource flow” that helps communities invest in the long-term vision of caring for our 'āina – “that which feeds” and supports our collective future. Passing this bill out of your committee is a start on a pathway toward reaching this vision. Please **PASS** HB2629.

Mahalo for this opportunity to testify in support of this important measure.

Aloha 'Āina Momona no nā kau ā kau.

Feb. 7, 2024, 8:30 a.m.
Hawaii State Capitol
Conference Room 329 and Videoconference

To: House Committee on Health & Homelessness
Rep. Della Au Belatti, Chair
Rep. Jenna Takenouchi, Vice-Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY OPPOSING HB2629 — RELATING TO THE CONVEYANCE TAX

Aloha Chair Belatti, Vice-Chair Takenouchi and Committee Members,

The Grassroot Institute of Hawaii is concerned about the potential economic impact of HB2629, which would establish a massive tax hike on homes valued under \$2 million and an even more staggering tax hike on those valued at more than \$2 million.

HB2629 would replace the existing tiered rates of 10 cents, 20 cents and 30 cents per \$100 for properties valued at less than \$600,000, less than \$1 million, and less than \$2 million, respectively, with a rate of 50 cents per \$100 for all homes valued under \$2 million.

This would be a 500% tax increase for the lowest tier and a 60% tax increase for homes valued and \$2 million.

For homes valued between \$2 million and \$10 million, the conveyance tax would be increased to \$4 per \$100 — an 800% increase at the low end and a 444% increase at the high end.

For homes valued at over \$10 million, HB2969 would increase the tax rate by 600%, from \$1 to \$6 per \$100 of value.

HB2629 naively states that homes valued at over \$2 million are unlikely to affect residents, as it assumes that such homes are overwhelmingly owned by investors. Unfortunately, this assumption overlooks the reality of property valuations in Hawaii.

With land-use, zoning and other regulations continuing to throttle Hawaii homebuilding — leaving Hawaii with a massive housing shortage and no prospect of a building boom any time in the near future — one should not assume that a \$2 million home will remain a high-value investment property in Hawaii for much longer.

That might seem to be a stretch, but few people in 2018 thought that Hawaii’s median price would soon reach even \$1 million when Honolulu County established its tiered Residential A property tax classification for properties valued above \$1 million facing a higher tax rate.¹

Now that Residential A category encompasses many Oahu homes, with political pressure building to increase the threshold or abolish the tax category completely.²

Over time, the \$2 million threshold envisioned in this bill could become a burden to more and more homeowners, affecting rental prices and increasing the cost of housing in Hawaii.

In addition, one cannot ignore the fact that this tax increase would affect every level of the housing market.

Ironically, the least affected would be homes in the \$1 million to \$1,999,999 classification, though they would still experience a drastic tax increase.

Meanwhile, the most affordable properties would have their conveyance taxes quintupled, a cost that would be added on to the ever-increasing cost of buying a home in Hawaii.

The effects of a tax hike cannot be segregated from the rest of the economy. What affects one segment of the housing market will ripple through the state’s housing market as a whole. Put simply, higher conveyance taxes can harm the economy.

For example, a report by the Sage Policy Group on transfer taxes noted that such laws can “lead to decreases in population, real incomes, real estate transactions, investment in structures, and quality of the built environment.”³

¹ [“Real Property Tax Rates in Hawaii, Fiscal Year July 1, 2017 to June 30, 2018,”](#) Real Property Assessment Division, Honolulu Department of Budget and Fiscal Services, accessed Feb. 20, 2022.

² Jim Howe and Linda Howe, [“Blangiardi, Kiaaina Must Act On 'Residential A' Property Taxes,”](#) Honolulu Civil Beat, Jan. 5, 2023.

³ [“The Unintended Consequences of Excessive Transfer Taxes,”](#) Sage Policy Group, Inc. on behalf of the Community Coalition for Jobs and Housing, June 2022, p. 3.

When applied to higher-value properties, transfer taxes reduce investment in both commercial and residential properties, leading to lost jobs and reduced economic activity.

Further, this measure might discourage adaptive reuse — the conversion of old buildings to new purposes. Hawaii’s counties can leverage adaptive reuse to add to their housing stock, as they are doing now.⁴ But higher conveyance taxes could chill the sale of old buildings.

“Many properties will need to be upgraded and/or adaptively reused to remain viable,” the Sage report stated. “Excessive transfer tax rates can frustrate the exchange of property that is often required to return to commercial viability.”⁵

Looking at the even broader picture, one must consider that tax increases in general are not a good idea for Hawaii’s economy, especially not now when it already has one of the highest tax burdens in the nation.⁶

Consider these points:

>> Hawaii’s population has been declining for the past six years.⁷ Tens of thousands of Hawaii residents have moved to the mainland over the past six years — and mainly to states without income taxes, such as Washington, Nevada, Texas and Florida.⁸ Their departure from the islands is not only emotionally distressing, but economically depressing as well.

>> Fewer people remaining means fewer people to work at our private businesses — or even staff our government agencies. It also means fewer people to help pay for Hawaii’s ever-increasing tax burden.

>> Higher taxes for the residents who still live here is more fuel for the exodus of talent and capital — our friends, neighbors and family — to places that are more affordable. It’s a downward spiral economically fostered by the relentless upward spiral of more and more taxes.

>> Hawaii taxes high-income earners at 11%, second only to California at 13.3%.⁹ Hawaii’s top 1.5% of taxpayers already pay 34.9% of all income taxes in the state.¹⁰

⁴ Lana Teramae, “[Local Architects Talk About Repurposing Existing Buildings in Post-Pandemic Hawai‘i](#),” Hawaii Business Magazine, Sept. 6, 2021.

⁵ “[The Unintended Consequences of Excessive Transfer Taxes](#),” p. 3.

⁶ Jared Walczak and Erica York, “[State and Local Tax Burdens, Calendar Year 2022](#),” Tax Foundation, April 7, 2022.

⁷ Maria Wood, “[Where People from Hawaii Are Moving to the Most](#),” 24/7 Wall Street, Jan. 23, 2022.

⁸ Katherine Loughhead, “[How Do Taxes Affect Interstate Migration?](#)” Tax Foundation, Oct. 11, 2022.

⁹ Timothy Vermeer, “[State Individual Income Tax Rates and Brackets for 2023](#),” Tax Foundation, Feb. 21, 2023.

¹⁰ “[Hawaii Individual Income Tax Statistics](#),” Hawaii Department of Taxation report for Tax Year 2021, August 2023, Table 12A.

>> Hawaii is suffering from a stagnant economy, and both the Economic Research Organization at the University of Hawai'i¹¹ and the state Department of Business, Economic Development and Tourism¹² have predicted continued slow economic growth in 2024. Tax hikes could exacerbate this slowdown, since entrepreneurs would be less likely to invest their capital — or “wealth assets,” as the case may be¹³ — in Hawaii's economy.

In short, Hawaii's residents and businesses need a break from new taxes, tax increase, fees and surcharges. This is not the time to make Hawaii a more expensive place to live and do business.

This dramatic increase in the conveyance tax proposed by HB2629 would have a negative effect on the affordability of housing and the state's economy.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

¹¹ Carl Bonham, Byron Gagnes, Steven Bond-Smith, et al., “[State Facing Headwinds as Maui Recovery Begins](#),” Economic Research Organization at the University of Hawai'i, Dec. 15, 2023.

¹² Hawaii Department of Business, Economic Development, and Tourism, “[Hawaii Economic Growth Remains Low for 2024 as Recovery Continues](#),” Dec. 11, 2023.

¹³ Aaron Hedlund, “[How Do Taxes Affect Entrepreneurship, Innovation, and Productivity?](#)” Center for Growth and Opportunity at Utah State University, Dec. 23, 2019; Ergete Ferede, “[The Effects on Entrepreneurship of Increasing Provincial Top Personal Income Tax Rates in Canada](#),” Fraser Institute, July 10, 2018; Robert Carroll, Douglas Holtz-Eakin, Mark Rider and Harvey S. Rosen, “[Personal Income Taxes and the Growth of Small Firms](#),” National Bureau of Economic Research, October 2000.

HB-2629

Submitted on: 2/4/2024 10:17:41 AM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ted Bohlen	Hawaii Reef and Ocean Coalition	Support	Written Testimony Only

Comments:

The Hawaii Reef and Ocean Coalition supports this bill to strengthen the buying power of the Legacy Land Conservation Program by raising the maximum amount of deposited annual conveyance tax revenue to \$10 million. Protecting lands properly will also protect the reefs and ocean, which are dying and need protection. Mahalo!

Hawaii Reef and Ocean Coalition (by Ted Bohlen)

HB-2629

Submitted on: 2/6/2024 11:35:38 AM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Blossom Feiteira	Ku Pono Ka Leo O Ka Aina	Support	In Person

Comments:

Re: HB2629 Conveyance Tax increase, 10% allocation to homeless services.

Hearing Date and Time: February 7 th 8:30 AM, Room 329

Aloha Chair Belatti, Vice Chair Takenouchi and Members of the House Committee on Health & Homelessness:

Please support HB2629 as it provides much needed funding for the full spectrum of our housing needs from homeless services to affordable homeownership. This bill would tax home sales above \$2M which are primarily for investors who do not live full-time in Hawai'i, in order to fund housing and services for people who do live and work here full-time. We must take concrete and bold actions to meet our housing needs and HB2629 is a big step forward.

Asking those who can purchase a multi-million dollar home to pay a fair tax to support the people of Hawai'i will make a difference:

- \$40M-\$50M in revenue for Homeless Services.

Note: Currently, only \$28.8M is allocated for homeless services in the State Budget.

This is an increase of only 9% since 2017.

- \$200M-\$250M for affordable housing- both rental and ownership.

- \$40-\$50M for Land Conservation.

We know that the numbers of people experiencing homelessness is rising and the need is great, yet our state budget allocations have fallen behind. Since 2017 the State budget for homeless services has only increased about 1.3% a year, which does not keep up with inflation, let alone the increasing numbers of people needing care.

Year after year we are effectively asking our service providers to do more with less.

Their case numbers keep increasing and yet the funding does not. This is NOT a sustainable

approach to taking care of one of our most vulnerable populations or the people who serve them. A reasonable tax on homes selling for over \$2M is a way to ensure that those who are doing well in our current real estate market are helping to meet the needs of those who are completely left out of any gains or benefits from our housing market. Taxes on real estate transfers are intended to offset the impacts of our high-priced market and in today's reality that includes not just affordable housing and land conservation, but homelessness as well. Thousands of people every day are living without shelter in Hawai'i because the cost of housing is simply too high. We must mitigate this unintended consequence or the numbers will only continue to increase. Cities and counties across the country are increasing their real estate transfer taxes to fund affordable housing and homeless services and Hawai'i should too. We are in desperate for real change that can help our community members experiencing homelessness and also create a housing system that is more fair and equitable for the people of Hawai'i.

Please vote yes on HB2629!

Mahalo,
Blossom Feiteira

HB-2629

Submitted on: 2/5/2024 12:41:23 PM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Summer Yadao	Ku Pono Ka Leo O Ka 'Aina	Support	In Person

Comments:

Aloha Chair Belatti, Vice Chair Takenouchi and Members of the Committee,

Today, I'm asking you to support HB2629 as it is a step in the right direction towards true solutions for the people of Hawai'i.

I was homeless at age 14 when my mother developed a mental health illness, lost her job and our apartment. My grandpa had just passed away, who was our rock and biggest supporter. Throughout my life I have found myself homeless despite working 3-4 jobs and going to college to better myself and our situation.

There are too few truly affordable housing options currently, primarily because we lack the resources needed for acquiring and creating housing that local people can actually afford.

This bill would raise revenue from those who buy multi-million dollar homes in Hawai'i, most of whom do not live or work in the local economy - by enacting a fair tax rate comparable to other high cost cities and places across the U.S. This revenue would help take care of the people who live and work here and have invested blood, sweat, and tears to make Hawai'i what it is today.

Kanaka Maoli make up most of the homeless population, my Uncle David on Kaua'i has no legs, is homeless and is the hardest worker I know. He doesn't have a place to live, doesn't have transportation to take him to appointments. I know a couple on Sand Island, where the husband was pleading that he did not want his wife to die on the streets while she was battling cancer.

Shame on all of us, for allowing this to happen.

It should not be this way in Hawai'i. We can choose a different path. This bill brings in much needed funding to make sure the people of this 'aina are prioritized and that people who do not live here are asked to contribute their fair share towards our wellbeing.

Mahalo,

Summer Yadao

Honouliuli, O'ahu

HB-2629

Submitted on: 2/6/2024 7:31:45 AM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kenna StormoGipson	Individual	Support	In Person

Comments:

Aloha Chair Bellati and members of the Committee on Health and Homelessness.

I urge you to pass HB2629 as the only bill to create a new dedicated source of funding for homeless services this legislative session.

It is vital to have a dedicated stream of revenue for homeless services as the State budget to serve our houseless population has only increased by 1.3% a year since 2017. Meanwhile inflation has been over 2% a year, meaning that we continue to ask our service providers to serve more people with LESS funding. This is not sustainable or fair to our community members or our dedicated service providers.

Please pass HB2629 and help us begin to actually address the needs of our people.

Mahalo for the opportunity to testify!

-Kenna

HB-2629

Submitted on: 2/6/2024 12:49:59 PM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Christopher Jungers	Individual	Support	In Person

Comments:

Aloha Chair Belatti, Vice Chair Takenouchi and Members of the Committee,

Please support HB2629 as it provides much needed funding for the full spectrum of our housing needs from homeless services to affordable homeownership.

This Bill would tax home sales above \$2M which are primarily for investors who do not live full-time in Hawai'i, in order to fund housing and services for people who do live and work here full-time. We must take concrete and bold actions to meet our housing needs and HB2629 is a big step forward.

HB2629 is inspired by the city of Aspen's Affordable Housing Program; because, like Hawaii, Aspen is a high profile tourist destination. Moreover both communities face unique challenges due to high land and construction costs, limited available land, and a high cost of living.

Aspen's Affordable Housing program is a monumental success. It was implemented in the 70's in order to address the adverse effects of the rise in housing cost; ensuring the availability of adequate workforce housing at a reasonable cost to rent or purchase.

This is made possible because their Affordable Housing Program is funded by their voter supported real estate transfer tax which is 1.5% regardless if it is your first, second, or third home.

HB2629 would only tax home sales above \$2M which are primarily for investors who do not live full-time in Hawai'i.

This Bill offers stable living conditions, reducing the risk of homelessness and providing a secure base for individuals and families.

It stimulates economic growth by increasing homeownership rates, boosting local economies, and creating jobs in construction and related industries.

Access to affordable housing promotes better physical and mental health outcomes, reducing stress and improving overall well-being.

Affordable housing can contribute to lower crime rates by providing stable living environments and reducing socio-economic disparities.

Affordable Housing is essential for creating inclusive, resilient, and vibrant communities here at home.

Hawaii is faced with a housing crisis.

HB2629 is the remedy.

Thank you,

Christopher Jungers

HB-2629

Submitted on: 2/5/2024 8:15:18 AM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kristen Alice	Individual	Support	Remotely Via Zoom

Comments:

I strongly support this conveyance tax measure! This is an opportunity to provide a permanent funding stream so our homeless services providers can plan for the long term as they serve our communities.

Mahalo,

Kristen Alice

HB-2629

Submitted on: 2/6/2024 12:59:33 PM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Renee Rivera	Individual	Support	Remotely Via Zoom

Comments:

Re: HB2629 Conveyance Tax increase, 10% allocation to homeless services.

Hearing Date and Time: February 7th 8:30 AM, Room 329

Aloha Chair Belatti, Vice Chair Takenouchi and Members of the House Committee on Health & Homelessness:

Please support HB2629 as it provides much needed funding for the full spectrum of our housing needs from homeless services to affordable homeownership. This bill would tax home sales above \$2M which are primarily for investors who do not live full-time in Hawai'i, in order to fund housing and services for people who do live and work here full-time. We must take concrete and bold actions to meet our housing needs and HB2629 is a big step forward.

Speaking for myself who was homeless on and off for 25 years. I know we lack so much services that will allow people to access healthy living conditions. We need more quality services that help individuals and families with mental health and Substance use disorders. We need to not only house people we need services to sustain housing by providing follow up care and next steps on employment or intervention services. Please help service providers the ability to look at the individuals whole self instead of the bandaid solutions they have to come up with because of funding. We need Social Workers, Mental Health, Subsatnce Use, and Mentorship Providers to allow people to stay housed.

Asking those who can purchase a multi-million dollar home to pay a fair tax to support the people of Hawai'i will make a difference:

- **\$40M-\$50M in revenue for Homeless Services.**
Note: Currently, only \$28.8M is allocated for homeless services in the State Budget. This is an increase of only 9% since 2017.
- **\$200M-\$250M for affordable housing- both rental and ownership.**
- **\$40-\$50M for Land Conservation.**

We know that the numbers of people experiencing homelessness is rising and the need is great, yet our state budget allocations have fallen behind. Since 2017 the State budget for homeless services has only increased about 1.3% a year, which does not keep up with inflation, let alone the increasing numbers of people needing care.

Year after year we are effectively asking our service providers to do more with less.

Their case numbers keep increasing and yet the funding does not. This is NOT a sustainable approach to taking care of one of our most vulnerable populations or the people who serve them. A reasonable tax on homes selling for over \$2M is a way to ensure that those who are doing well in our current real estate market are helping to meet the needs of those who are completely left out of any gains or benefits from our housing market. Taxes on real estate transfers are intended to offset the impacts of our high-priced market and in today's reality that includes not just affordable housing and land conservation, but homelessness as well. Thousands of people every day are living without shelter in Hawai'i because the cost of housing is simply too high. We must mitigate this unintended consequence or the numbers will only continue to increase. Cities and counties across the country are increasing their real estate transfer taxes to fund affordable housing and homeless services and Hawai'i should too.

We are in desperate for real change that can help our community members experiencing homelessness and also create a housing system that is more fair and equitable for the people of Hawai'i.

Please vote yes on HB2629!

Mahalo,

Renee L. Rivera

Kea'au, Hawaii

HB-2629

Submitted on: 2/4/2024 9:38:12 AM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Mark Hamamoto	Individual	Support	Written Testimony Only

Comments:

Dear Representatives,

I am writing to ask that you please support HB 2629. This bill will take away the cap on the Legacy Land Conservation Program and will allow it to increase the amount of taxpayer dollars going to this extremely important and visionary program. With the small land base that we have here in Hawaii, guaranteeing more and more of this land to serve truly communal and public purposes is imperative. Land prices continue to go up, so the buying power of what is currently provided to the Legacy Land Conservation Program has diminished. I am deeply concerned about the increasing disparities in wealth and living conditions here in our Aloha State. It is programs like the LLCP that provide the "glue" that helps keep our community together.

Mahalo for your heartfelt support of this bill,

Mark Hamamoto

Waialua, Oahu, Hawaii

HB-2629

Submitted on: 2/5/2024 4:39:20 PM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Keke Manera	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Belatti, Vice Chair Takenouchi and Members of Committee,

Please support HB2629 as it provides much needed funding for affordable housing and homeless services.

I have been subjected to being houseless in my young adult years and lived at various beach parks as well as on the streets of Waikīkī. I am amazed that I'm still here because it was harsh back then but I can only imagine it being even worse now! I also am very disappointed in the way the upper states and the officials from Hawai'i allow THEIR HOMELESS people to relocate here causing a strain on our already compromised and very low resources.

The disaster in Lahaina exacerbated our housing crisis, and with thousands unhoused in Hawai'i and the majority of our local workforce barely making ends meet, we need solutions that provide relief for our people.

The conveyance tax is a reliable revenue source to provide a steady stream of funds to address our housing issues from homelessness to homeownership. Our tax rates have not been amended since 2009 and other high cost cities across the country have been increasing sales taxes on homes to pay for affordable housing and homeless services.

To help meet the demand, this bill would add funds to the rental housing revolving fund, homeless services, homeownership revolving fund, land conservation and also provides counties access to matching funds, in the creation of a comprehensive affordable housing plan.

Hawai'i is desperate for change that benefits the local workforce and HB2629 brings solutions the people deserve.

Please support this bill.

Mahalo,

Keke M.

Pearl City, O'ahu

HB-2629

Submitted on: 2/5/2024 5:08:08 PM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Beryl Blaich	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Belatti, Evslin and Yamashita and Vice Chairs Takenouchi, Aiu and Kitagawa,

Aloha from Kīlauea, Kaua'i.

I strongly support this measure which amends/ refines use of the real estate conveyance tax to address three critical needs: developing permanently affordable housing including rental housing; providing services to our numerous homeless residents and permanently protecting (and providing public access to) exceptional and threatened natural, cultural and agricultural lands. I appreciate the tiered exaction of the tax based on property values and the exceptions to ithe tax.

As an advocate for open space preservation, I know how much more conservation can be accomplished with restoration of the amount allotted to the States Legacy Lands Conservation from a cap of \$5.1 million to \$10 million.

With so much appreciation for all your work,

Beryl Blaich

PO Box 1434

Kīlauea, HI 96754

808-346-9589

HB-2629

Submitted on: 2/5/2024 5:38:23 PM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Sam Tanigawa	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Belatti, Vice Chair Takenouchi and Members of the House Committee on Health & Homelessness:

Please support HB2629 as it provides much needed funding for the full spectrum of our housing needs from homeless services to affordable homeownership. This bill would tax home sales above \$2M which are primarily for investors who do not live full-time in Hawai'i, in order to fund housing and services for people who do live and work here full-time. We must take concrete and bold actions to meet our housing needs and HB2629 is a big step forward.

Asking those who can purchase a multi-million dollar home to pay a fair tax to support the people of Hawai'i will make a difference:

\$40M-\$50M in revenue for Homeless Services.

Note: Currently, only \$12M is allocated for homeless services

\$200M-\$250M for affordable housing- both rental and ownership.

\$40-\$50M for Land Conservation.

We are desperate for real change that can help our community members experiencing homelessness and also create a housing system that is more fair and equitable for the people of Hawai'i. Working together we can make a difference!

Please vote yes on HB2629!

Mahalo,

Sam Tanigawa

Honolulu, Hawaii 96925

HB-2629

Submitted on: 2/5/2024 7:08:07 PM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Jaymie Lewis	Individual	Support	Written Testimony Only

Comments:

Houseless people and families are one of Hawaii's major issues. No matter which part of Oahu I travel through, affluent or not, there are many people facing this problem. There are no options for many of the houseless other than the tent cities they create, and though they can offer some form of safety in community, it is not a real option for families and elderly folks, or really anyone for that matter. It is heartbreaking to see people pushed around the island as the camps are "swept", removing people's ONLY belongings and being fined and criminalized for being below the poverty line and having nowhere else to go.

The state officials need to follow through with the talk and promises. They need to put funding for the people before special interests. The fact that the traffic circle in front of Kalapawai market in Kailua is being REdone (for 3 years) before affordable housing is addressed is a shining example of priorities being extremely mixed up.

HB-2629

Submitted on: 2/6/2024 8:50:31 AM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Nanea Lo	Individual	Support	Written Testimony Only

Comments:

My personal testimony. Aloha Chair Belatti, Vice Chair Takenouchi and Members of the Committee,

Today, I'm asking you to support HB2629 as it is a step in the right direction towards true solutions for the people of Hawai'i.

There are too few truly affordable housing options currently, primarily because we lack the resources needed for acquiring and creating housing that local people can actually afford.

This bill would raise revenue from those who buy multi-million dollar homes in Hawai'i, most of whom do not live or work in the local economy - by enacting a fair tax rate comparable to other high cost cities and places across the U.S. This revenue would help take care of the people who live and work here and have invested blood, sweat, and tears to make Hawai'i what it is today.

Kanaka Maoli make up most of the homeless population, as a Kanaka Maoli all my life I have seen this housing crisis truly affect all of my friends and family. Even more so now with the recession and inflation. I see so many houseless people on the beaches. I know first hand what this housing crisis has done to people including seeing my own dad be houseless on the beach with no where to go.

Shame on all of us, for allowing this to happen.

It should not be this way in Hawai'i. We can choose a different path. This bill brings in much needed funding to make sure the people of this 'aina are prioritized and that people who do not live here are asked to contribute their fair share towards our wellbeing.

me ke aloha 'āina,

Nanea Lo, Mō'ili'ili, O'ahu

HB-2629

Submitted on: 2/6/2024 10:44:18 AM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Please support HB2629. This bill would raise taxes on home sales above \$2M million, which sell primarily to investor-owners who do not live full-time in Hawai‘i, in order to fund affordable housing development and houseless services. We must take concrete and bold actions to meet our housing needs and HB2629 is a big step forward.

Asking those who can purchase multi-million dollar homes to pay a fair tax to support the people of Hawai‘i is equitable and necessary to overcome our housing challenges. This bill would generate:

- \$40–50 million in annual revenue for houseless services to triage our existing houselessness crisis. This would be a massive increase from the current \$12 million allocated to these services annually.
- \$200–250 million in annual revenue to finance and develop affordable housing through the rental housing revolving fund.
- \$40–50 million in annual for critical land conservation efforts.

Now is the time to take bold steps to change the way our housing and tax systems work so that they serve our community, not out-of-state investors. We can create a housing ecosystem that delivers the housing needed by the people of Hawai‘i. We can end houselessness and ensure that our local families can continue to live, work and contribute in Hawai‘i. Please pass HB2629. Mahalo.

Aloha Chair Belatti, Vice Chair Takenouchi and Members of the *House Committee on Health & Homelessness*:

Please support HB2629 as it provides much needed funding for the full spectrum of our housing needs from homeless services to affordable homeownership. This bill would tax home sales above \$2M which are primarily for investors who do not live full-time in Hawai'i, in order to fund housing and services for people ***who do live and work here*** full-time. We must take concrete and bold actions to meet our housing needs and HB2629 is a big step forward.

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- **\$40M-\$50M in revenue for Homeless Services.**
Note: Currently, only \$12M is allocated for homeless services
- \$200M-\$250M for affordable housing- both rental and ownership.
- \$40-\$50M for Land Conservation.

We are desperate for real change that can help our community members experiencing homelessness and also create a housing system that is more fair and equitable for the people of Hawai'i. Working together we can make a difference!

Please vote yes on HB2629!

Mahalo,

Robert H. Pahia
Maui, Hawaii



KPKOA

Kū Pono Ka Leo O Ka 'Āina

Standing with the Voices of the Land

Re: HB2629 Conveyance Tax increase, 10% allocation to homeless services.

Hearing Date and Time: February 7th 8:30 AM, Room 329

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We are in desperate for real change that can help our community members experiencing homelessness and also create a housing system that is more fair and equitable for the people of Hawai'i.

Please vote yes on HB2629!

Mahalo.

HB-2629

Submitted on: 2/6/2024 9:56:10 PM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Allison Makekau	Individual	Support	Written Testimony Only

Comments:

As a Kanaka Maoli With ties to this land for thousands of years, I think that this bill is fair. Hawaii is more than just your vacation destination and getaway, It is our ancestral homeland. Our country was taken by force and is still illegally occupied. They owe us more than just revenue taxes on investment properties.

HB-2629

Submitted on: 2/6/2024 10:03:51 PM

Testimony for HLT on 2/7/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Nicky Winter	Individual	Support	In Person

Comments:

Please support HB2629 as it provides much needed funding for the full spectrum of our housing needs from homeless services to affordable homeownership. This bill would tax home sales above \$2M which are primarily for investors who do not live full-time in Hawai'i, in order to fund housing and services for people who do live and work here full-time. We must take concrete and bold actions to meet our housing needs and HB2629 is a big step forward.