

STAND. COM. REP. NO.

78

Honolulu, Hawaii

FEB 06, 2023

RE: H.B. No. 567
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 567
entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF HAWAIIAN
HOME LANDS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Exempt housing development for the Department of
Hawaiian Home Lands from the general excise tax and
school impact fee requirements;
- (2) Amend the appropriation lapse date for Act 279, Session
Laws of Hawaii 2022, which appropriated \$600,000,000 to
the Department of Hawaiian Home Lands; and
- (3) Extend the issuance of county affordable housing credits
to the Department of Hawaiian Home Lands.

Your Committee received testimony in support of this measure
from the Department of Hawaiian Home Lands. Your Committee
received comments on this measure from the Department of Budget
and Finance, Department of Taxation, School Facilities Authority,
and Tax Foundation of Hawaii.

2023-1110 HB567 HD1 HSCR HMSO



Your Committee finds that the State has a duty to provide necessary and affordable housing to native Hawaiians but recognizes that the significantly long waitlist has resulted in many native Hawaiians losing an opportunity for housing on Hawaiian home lands. In support of this duty, the Legislature appropriated a record \$600,000,000 in 2022 to the Department of Hawaiian Home Lands to develop such housing. However, your Committee notes that additional work is needed to provide the native Hawaiian community more housing options on Hawaiian home lands. Incentivizing the development of housing on Hawaiian home lands will help further this goal.

Your Committee has amended this measure by:

- (1) Clarifying that all gross proceeds of sale or gross income arising from the planning, design, financing, or construction of any development of homestead lots or creation of new housing units for the Department of Hawaiian Home Lands are exempt from the general excise tax;
- (2) Modifying the Department of Hawaiian Home Land's responsibilities in approving or denying general excise tax exemption eligibility and clarifying the requirements for eligible development projects;
- (3) Deleting language that required a housing project be covered by a regulatory agreement with the Department of Hawaiian Home Lands to obtain a certification for exemption;
- (4) Specifying that approval and certification service fees are to be deposited into the Hawaiian Home Operating Fund rather than the Hawaiian Home Administration Account;
- (5) Inserting the definition for "homestead lot";
- (6) Exempting the development of homestead lots or housing units by the Department of Hawaiian Home Lands from the use tax;



78

- (7) Deleting language that would have exempted any housing development for the Department of Home Lands that was certified for a general excise tax exemption;
- (8) Making permanent the exemption of any housing developed by the Department of Hawaiian Home Lands from school impact fees requirements and clarifying that the exemption from school impact fees applies to any form of housing developed where new units are created;
- (9) Lapsing the appropriation provided under Act 279, Session Laws of Hawaii 2022, on June 30, 2023, and inserting an appropriation for fiscal year 2023-2024 for the purposes of Act 279, Session Laws of Hawaii 2022, with a lapse date of June 30, 2025, to comport with state constitutional requirements related to time frames for legislative appropriations;
- (10) Making permanent the issuance of county affordable housing credits to the Department of Hawaiian Home Lands and clarifying that the credits are for development where new housing units are created;
- (11) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (12) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes the importance of school impact fees and the role the fees play in ensuring the quality of schools for the keiki of the State. Your Committee therefore believes that any exemption from school impact fees requires further discussion to ensure that schools are not adversely impacted by such an exemption.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 567, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 567, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.



78

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



TROY N. HASHIMOTO, Chair



State of Hawaii
House of Representatives
The Thirty-second Legislature

HB 18

Record of Votes of the Committee on Housing

Bill/Resolution No.: HB 567	Committee Referral: HSG, JHA, FIN	Date: 2/1/23		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. HASHIMOTO, Troy N. (C)	✓			
2. AIU, Micah P.K. (VC)	✓			
3. KILA, Darius K.	✓			
4. KITAGAWA, Lisa	✓			
5. MARTEN, Lisa	✓			
6. ONISHI, Richard H.K.	✓			
7. TODD, Chris	✓			
8. MATSUMOTO, Lauren	✓			
TOTAL (8)	8			
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. <small style="margin-left: 150px;">committee acronym(s)</small>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				