STAND. COM. REP. NO.

1593

Honolulu, Hawaii

MAR 24

, 2023

RE: S.B. No. 362

S.D. 2 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 Water & Land, to which was referred S.B. No. 362, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Increase the conveyance tax rate for condominiums and single family residences for which the purchaser is ineligible for a county homeowner's exemption with a value of at least \$2,000,000;
- (2) Exempt from the conveyance tax documents and instruments conveying real property:
 - (A) For the development or acquisition of affordable housing subject to a government assistance program qualified by the Hawaii Housing Finance and Development Corporation; and
 - (B) To owner-occupants or renter-occupants who own no other real property; and

(3) Eliminate the cap on the amount of conveyance tax collections allocated to the Rental Housing Revolving Fund each fiscal year.

Your Committee received testimony in support of this measure from EAH Housing; Catholic Charities Hawai'i; Hawai'i Appleseed Center for Law & Economic Justice; Partners In Care; Hawai'i Children's Action Network Speaks!; Hope Services Hawai'i; Permanently Affordable Living Kaua'i; Hawai'i Housing Affordability Coalition; Hawaii Clubhouse Advocacy Coalition; Democratic Party of Hawai'i Education Caucus; Imua Alliance; Ka Po'e o Kaka'ako, Inc.; Hawaii Community Lending and Hawaiian Community Assets; Hawai'i YIMBY; Housing Hawai'i's Future; and nineteen individuals. Your Committee received testimony in opposition to this measure from the Land Use Research Foundation of Hawaii and Hawaii Association of REALTORS. Your Committee received comments on this measure from the Department of Taxation; Department of Land and Natural Resources; Hawaii Housing Finance and Development Corporation; Tax Foundation of Hawaii; Coastal Planners, LLC; and two individuals.

Your Committee finds that additional state revenues are sorely needed to address Hawaii's affordable-housing crisis and to end homelessness.

Your Committee has amended this measure by:

- (1) Establishing a Homeless Services Fund;
- (2) Further adjusting the conveyance tax rates to have the rates apply to and be increased for certain properties;
- (3) Removing the conveyance tax exemption for documents and instruments conveying real property for the development or acquisition of affordable housing subject to a government assistance program qualified by the Hawaii Housing Finance and Development Corporation;
- (4) Adding a conveyance tax exemption for documents and instruments conveying real property to a nonprofit organization that will hold the property in an undeveloped state and for conservation purposes in perpetuity;



- (5) Eliminating the cap on the amount of conveyance tax collections allocated to the Land Conservation Fund;
- (6) Allocating ten percent of conveyance tax collections to the Homeless Services Fund;
- (7) Changing its effective date to June 30, 3000, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Water & Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 362, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 362, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Water & Land,

M. M. Chair

State of Hawaii House of Representatives The Thirty-second Legislature



Record of Votes of the Committee on Water & Land

Bill/Resolution No.: SB 362, SD2	Committee Referral: WAL, FIN		Date: 03/22/23		
The committee is reconsidering its previous decision on the measure.					
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)					
WAL Members		Ayes	Ayes (WR)	Nays	Excused
1. ICHIYAMA, Linda (C)				
2 POEDOE Making (VC					
2. POEPOE, Mahina (VC					
3. CHUN, Cory M.					
4. GANADEN, Sonny					7.7.3.191.15.3.3.7.84.134
5 WASHEM Mork I					
5. HASHEM, Mark J.					
6. MORIKAWA, Dee					
7. TAKAYAMA, Gregg					ramanas da da moca e dua
8. SOUZA, Kanani					
o. SOUZA, Kanam					
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TOTAL (8	3)	8	-11.1		
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)					
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					