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Honolulu, Hawaii

MAR 0 3 2023

RE: S.B. No. 866 S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirty-Second State Legislature Regular Session of 2023 State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 866 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to promote the development of affordable rental housing in the State.

More specifically, this measure:

- (1) Provides that affordable housing projects that comply with certain prevailing wage requirements may receive a waiver of real property taxes and various development fees from a county; and
- (2) Removes the limit on the type of costs eligible for exemption from the general excise tax for development of affordable rental housing certified by the Hawaii Housing Finance and Development Corporation.

Your Committee received written comments in support of this measure from the Hawaii Housing Finance and Development Corporation.

Your Committee received written comments on this measure from the Department of Taxation.

Your Committee finds that market conditions and high costs of construction make it difficult to build affordable rental housing in the State. Your Committee further finds that the stacking of available state and county exemptions may provide the necessary incentives to make the development of more affordable rental housing projects feasible.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 866, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 866, S.D. 1.

Respectfully submitted on behalf of the members of the Committee on Ways and Means,

DONOVAN M. DELA CRUZ, Chair

The Senate Thirty-Second Legislature State of Hawai'i

Record of Votes Committee on Ways and Means WAM

| Bill / Resolution No.:* SB 866 | Committee Referral: HOU/PSM, WAM | | Da | Date: 3/2/23 | |
|--|-------------------------------------|-----|----------|--------------|---------|
| The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: | | | | | |
| The Recommendation is: | | | | | |
| Pass, unamended X Pass, with amendments Hold Recommit 2312 2311 2310 2313 | | | | | |
| Members | | Aye | Aye (WR) | Nay | Excused |
| DELA CRUZ, Donovan M. (C) | | X | | -, | |
| KEITH-AGARAN, Gilbert S.C. (VC) | | X | | | |
| AQUINO, Henry J.C. | | | | | X |
| DECOITE, Lynn | | × | | | |
| INOUYE, Lorraine R. | | X | | | |
| KANUHA, Dru Mamo | | X | | | |
| KIDANI, Michelle N. | | X | | | |
| KIM, Donna Mercado | | X | | | |
| LEE, Chris | | X | | | |
| MORIWAKI, Sharon Y. | | X | | | |
| SHIMABUKURO, Maile S.L. | | X | | | |
| WAKAI, Glenn | <u></u> - | X | | | |
| FEVELLA, Kurt | ·· | X | | | |
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| TOTAL | | 12 | | | 1 |
| Recommendation: Adopted Not Adopted | | | | | |
| Chair's or Designee's Signature: | | | | | |
| Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy | | | | | |

*Only one measure per Record of Votes