

STAND. COM. REP. NO. 396

Honolulu, Hawaii

RE: FEB 16 2023
S.B. No. 866

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

Sir:

Your Committees on Housing and Public Safety and Intergovernmental and Military Affairs, to which was referred S.B. No. 866 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify that the eligibility for the general excise tax exemption for projects complying with certain prevailing wage requirements includes the nonreceipt of financing from the Hawaii Housing and Finance and Development Corporation (HHFDC);
- (2) Allow certain affordable rental housing projects to receive a waiver of various development fees from a county; and
- (3) Remove the limit on the type of costs eligible for exemption from the general excise tax for development of affordable rental housing certified by HHFDC.

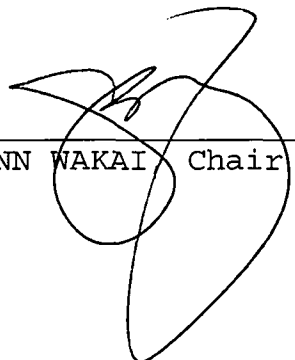
Your Committees received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation and Highridge Costa Development Company. Your Committees received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.



Your Committees find that current market conditions and increased costs of construction make it nearly impossible to build affordable rental housing in Honolulu and throughout other counties in the State. Your Committees believe that the "stacking" of exemptions allowed under certain circumstances by this measure will incentivize developers to generate more affordable rental housing in the current economy by including relief from certain county exactions.

As affirmed by the records of votes of the members of your Committees on Housing and Public Safety and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 866 and recommend that it pass Second Reading and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Housing and
Public Safety and
Intergovernmental and Military
Affairs,



GLENN WAKAI Chair



STANLEY CHANG Chair



