STAND. COM. REP. NO. 396

Honolulu, Hawaii

FEB 1 6 2023 RE: 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:

- 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.



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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,

STANLEY

WAKAI GLENN Chair



The Senate Thirty-Second Legislature State of Hawaiʻi

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Record of Votes Committee on Housing HOU

Bill / Resolution No.:*	Committee Referral: Da			Date:	ate:				
SB 866	HOU/PSM, WAM			02/13/2023					
The Committee is reconsidering its previous decision on this measure.									
The Recommendation is:									
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313									
Members		Aye	Aye (W	/R)	Nay	Excused			
CHANG, Stanley (C)									
KANUHA, Dru Mamo (VC)			·						
AQUINO, Henry J.C.									
RHOADS, Karl									
AWA, Brenton		\sim							
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TOTAL	_/	4	<u> </u>						
Recommendation: Adopted Not Adopted									
Chair's or Designee's Signature:									
Distribution: Original File with Committee Re	Yellow eport Clerk's Office		Pink Drafting Age	Pink Goldenrod Drafting Agency Committee File Copy					

*Only <u>one</u> measure per Record of Votes

The Senate Thirty-Second Legislature State of Hawaiʻi

Record of Votes Committee on Public Safety and Intergovernmental and Military Affairs PSM

Bill / Resolution No.:*	Committee Referral: Date: HOV/PSM, WAM 2/13/23								
The Committee is reconsidering its previous decision on this measure.									
If so, then the previous decision was to:									
The Recommendation is:									
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313									
Members		Aye	Aye (WR)	Nay	Excused				
WAKAI, Glenn (C)									
ELEFANTE, Brandon J.C. (VC)		\checkmark	-						
FUKUNAGA, Carol									
MCKELVEY, Angus L.K.									
AWA, Brenton		 ✓ 	-						
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TOTAL		5	ϕ	Ø	Ø				
Recommendation:									
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