

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



DEAN MINAKAMI  
EXECUTIVE DIRECTOR

## STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
HONOLULU, HAWAII 96813  
FAX: (808) 587-0600

### Statement of **DEAN MINAKAMI**

Hawaii Housing Finance and Development Corporation  
Before the

### **SENATE COMMITTEE ON HOUSING**

January 25, 2024 at 1:00 p.m.  
State Capitol, Room 225

In consideration of  
**S.B. 2044**

### **RELATING TO THE CONTROLLING INTEREST TRANSFER TAX.**

HHFDC **supports** SB 2044, which establishes that the transfer of a controlling interest in an entity that owns real property in the state shall be subject to the conveyance tax, with the amounts collected to be deposited into HHFDC's Dwelling Unit Revolving Fund (DURF).

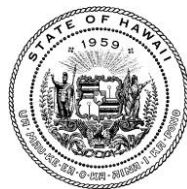
This bill closes a loophole that enables parties (usually large investors) to avoid paying conveyance tax by transferring real property through entity-level transactions. That is, rather than conveying the real property, one party acquires the entity that owns the real property from another party.

HHFDC supports depositing the conveyance tax collected on the transfer of the controlling interests into DURF, which is used to carry out the purposes of our housing development programs and regional state infrastructure programs.

Thank you for the opportunity to testify on this bill.

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



STATE OF HAWAII  
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau  
P.O. BOX 259

HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 2044, Relating to the Controlling Interest Transfer Tax.

**BEFORE THE:**

Senate Committee on Housing

**DATE:** Thursday, January 25, 2024

**TIME:** 1:00 p.m.

**LOCATION:** State Capitol, Room 225

Chair Chang, Vice-Chair Hashimoto, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding S.B. 2044 for your consideration.

S.B. 2044 makes several changes to chapter 247, Hawaii Revised Statutes (HRS), which governs the conveyance tax.

The bill adds a new section to chapter 247 to designate the transfer of a controlling interest in an entity as a taxable transaction for purposes of the conveyance tax, provided that:

- (1) The transfer or acquisition of the controlling interest occurs within any thirty-six-month period;
- (2) The controlling interest was transferred in a single transaction or a series of transactions by a single person or acquired by a single person or a group of persons acting in concert;
- (3) The entity has an interest in real property located in this State;
- (4) The transfer is not otherwise exempt under section 247-3; and
- (5) The transfer was made for valuable consideration.

This new section also specifies that " all acquisitions of persons acting in concert shall be aggregated for purposes of determining whether a transfer or acquisition of a controlling interest has taken place" and requires the Department to adopt administrative rules to make such a determination. The new section also gives the Department the option to enforce certain obligations of the seller, directs all taxes collected pursuant to the new subsection to be "deposited into the dwelling unit revolving fund established pursuant to section 201H-191[,] and provides a definition of "controlling interest" for different types of entities.

S.B. 2044 also adds to the definition of "transfers or conveyances" in section 247-1, HRS, expanding it to include "the transfer or acquisition within any thirty-six-month period of a controlling interest in any entity with an interest in real property located in this State for valuable consideration." The bill also amends section 247-3, HRS by removing the current conveyance tax exemption for conveyances from an entity that is party to a merger or consolidation to the surviving or new entity.

The bill takes effect on January 1, 2025.

The Department defers to the Bureau of Conveyances, who accepts the conveyance tax forms and remittances, regarding the revenue allocation provisions in sections 2 and 6 of the bill.

Further, the Department suggests amending section 247-2, HRS, to clarify how the conveyance tax will be calculated for transfers or acquisitions of a controlling interest. Under section 247-2, HRS, the amount of conveyance tax is determined by applying the rate of tax to the "actual and full consideration . . . paid or to be paid for all transfers or conveyance of realty or any interest therein."

If the intent of the bill is to base the conveyance tax on the fair market value of the property at the time of the transfer or acquisition of the controlling interest, the Department recommends amending section 247-2, HRS, as follows:

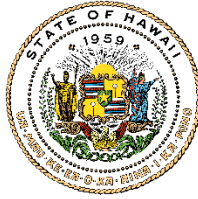
The tax imposed by section 247-1 shall be based on the actual and full consideration (whether cash or otherwise, including any promise, act, forbearance, property interest, value, gain, advantage, benefit, or profit), paid or to be paid for all transfers or conveyance of realty or any interest therein, or in the case of a transfer or acquisition of a controlling interest pursuant to section 247- , the fair market value of the real property owned by the entity at the time the controlling interest is transferred or

acquired, that shall include any liens or encumbrances thereon at the time of sale, lease, sublease, assignment, transfer, or conveyance, and shall be at the following rates:

Thank you for the opportunity to provide comments on this measure.

JOSH GREEN, M.D.  
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



**STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
KA 'OIHANA KUMUWAIWAI 'ĀINA**

P.O. BOX 621  
HONOLULU, HAWAII 96809

**DAWN N.S. CHANG**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT

**RYAN KP KANAKAOLE**  
FIRST DEPUTY

**DEAN D. UYENO**  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
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CONSERVATION AND RESOURCES  
ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

**Testimony of  
DAWN N. S. CHANG  
Chairperson**

**Before the Senate Committee on  
HOUSING**

**Thursday, January 25, 2024  
1:00 PM**

**State Capitol, Conference Room 225 and Via Videoconference**

**In consideration of  
SENATE BILL 2044  
RELATING TO THE CONTROLLING INTEREST TRANSFER TAX**

Senate Bill 2044 proposes to establish that the transfer of a controlling interest in an entity that owns real property in Hawai'i shall be subject to conveyance tax as established in Chapter 247, Hawaii Revised Statutes (HRS). This bill further requires that this conveyance tax collected on the transfer of the controlling interest be deposited specifically into the Dwelling Unit Revolving (DUR) Fund. **The Department of Land and Natural Resources (Department) acknowledges the intent of this bill to close an existing loophole for avoiding payment of conveyance tax on certain transactions and offers the following comments and concerns.**

Although the Bureau of Conveyances (BOC) is not specifically named in this bill, the operative functions required by this bill - proper identification of these transactions, collection of the proper taxes, and distribution to the DUR Fund- will ostensibly fall on the BOC as it does today with standard property conveyance tax collected. The BOC has neither the legal expertise nor the staff resources to properly vet these types of transactions amongst the other 1,000+ documents that are recorded on average daily.

Because the BOC cannot properly assess these transactions, that assessment will fall upon the Department of Taxation. If following current practice, assessment of transactions will occur after recordation, collection of the conveyance tax, and allocation and distribution. This delayed assessment would then require a case-by-case, manual, after-the-fact fiscal review to re-allocate the appropriate amount from the current conveyance tax account specifically to the DUR Fund, which is unsustainable.

Furthermore, the Department proposes amendments that would distribute deposits of conveyance tax revenue into the DUR Fund within the existing statutory framework for distributing conveyance tax revenue (Section 247-7, Disposition of Taxes). The intent of our proposed amendments includes:

- (1) advancing the implementation of Act 156, Session Laws of Hawaii 2005, that established conveyance tax revenues as a permanent source of adequate funding for land conservation based upon a legislative determination "that there is a clear nexus between the source of the conveyance tax and providing funding for watershed protection and other natural resource preservation programs" and a legislative finding "that the preservation, protection, and enhancement of the State's land, coastal areas, and natural resources are of central importance for current and future residents and for the state economy", and
- (2) promoting legislative and administrative economy in the equitable distribution of all conveyance tax revenues.

The below amendments proposed by the Department, if adopted and enacted, hold great potential for increasing the amount of conveyance tax revenue available for deposit into the Land Conservation Fund and the Rental Housing Revolving Fund. Depending upon the types and values of future taxable transactions of real property and the formula that the Legislature establishes for the distributing the conveyance tax collected from transfers of controlling interests, the proposed amendments could also increase the amount of revenue available for deposit into the Dwelling Unit Revolving Fund.

Mahalo for the opportunity to comment on this measure.

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Proposed Amendments to Senate Bill 2044:

At page 4, lines 13-15, of this bill, the Department suggests amending subsection (e) of the proposed new Section 247-\_\_ to read as follows:

"(e) All taxes collected pursuant to this section shall be deposited in accordance with section 247-7[~~to the dwelling unit revolving fund established pursuant to section 201H-191~~]."

At page 5, line 10, through page 6, line 8, of this bill, the Department suggests the following amendments:

"(a) There is created a dwelling unit revolving fund. The funds appropriated for the purpose of the dwelling unit revolving fund, controlling interest transfer taxes distributed pursuant to section 247-7(3), and all moneys received or collected by the corporation for the purpose of

the revolving fund shall be deposited in the revolving fund. The proceeds in the revolving fund shall be used to reimburse the general fund to pay the interest on general obligation bonds issued for the purposes of the revolving fund, for the necessary expenses in administering housing development programs and regional state infrastructure programs, and for carrying out the purposes of housing development programs and regional state infrastructure programs, including but not limited to the expansion of community facilities and regional state infrastructure constructed in conjunction with housing and mixed-use transit-oriented development projects, permanent primary or secondary financing, and supplementing building costs, federal guarantees required for operational losses, and all things required by any federal agency in the construction and receipt of federal funds or low-income housing tax credits for housing projects."

At page 11, line 20, through page 12, line 10, of this bill, the Department suggests the following amendment:

**"§247-7 Disposition of taxes.** All [~~Except as provided in section 247-—, all~~] taxes collected under this chapter shall be paid into the state treasury to the credit of the general fund of the State, to be used and expended for the purposes for which the general fund was created and exists by law; provided that of the taxes collected each fiscal year:

(1) Ten per cent or \$5,100,000, whichever is less, shall be paid into the land conservation fund established pursuant to section 173A-5; [~~and~~]

(2) Fifty per cent or \$38,000,000, whichever is less, shall be paid into the rental housing revolving fund established by section 201H-202 [~~—~~]; and

(3)                     per cent or \$                    , whichever is less,  
shall be paid into the dwelling unit revolving fund  
established by section 201H-191."

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE TAX, Extend Tax to Controlling Interest Transfers

BILL NUMBER: SB 2044

INTRODUCED BY: CHANG, FEVELLA, HASHIMOTO, KEOHOKALOLE, KIDANI, SHIMABUKURO

**EXECUTIVE SUMMARY:** This bill attempts to increase the reach of the conveyance tax by making it applicable to transfers of controlling interests in entities that own realty as well as conveyances of realty. The bill imposes the conveyance tax on an entity's real property upon a transfer of 50% or more voting power or capital interest of such entity. This tax was never intended to be a major revenue source. At present, the infrastructure to capture necessary information and collect the tax, while adequate for a documentary transfer tax that the conveyance tax was intended, is not adequate to enforce the revisions in this bill.

**SYNOPSIS:** Adds a new section to chapter 247, HRS, providing that the transfer of a controlling interest in an entity shall be considered a taxable transaction of the entity's real property if (1) The transfer or acquisition of the controlling interest occurs within any thirty-six-month period; (2) The controlling interest was transferred in a single transaction or a series of transactions by a single person or acquired by a single person or a group of persons acting in concert; (3) The entity has an interest in real property located in this State; (4) The transfer is not otherwise exempt under section 247-3; and (5) The transfer was made for valuable consideration.

Amends section 247-3, HRS, to repeal the exemption for conveyances by entities that are parties to a merger or consolidation.

Defines "Controlling Interest" as 50% or more of voting power, capital, profits or beneficial interest.

The Department of Taxation is tasked to adopt rules for the enforcement of the tax obligation against the transferor, transferee and/or the entity and when transfers occur by persons "acting in concert."

Requires the conveyance tax collected on the transfer of the controlling interests to be deposited into the Dwelling Unit Revolving Fund established pursuant to section 201H-191.

EFFECTIVE DATE: January 1, 2025.

STAFF COMMENTS:

The conveyance tax was enacted by the 1966 legislature after the repeal of the federal law requiring stamps for transfers of real property. It was enacted for the sole purpose of providing the department of taxation (which at the time also administered the real property tax) with



additional data for the determination of market value of properties transferred. This information was also to assist the department in establishing real property assessed values and at that time the department stated that the conveyance tax was not intended to be a revenue raising device.

Prior to 1993, the conveyance tax was imposed at the rate of 5 cents per \$100 of actual and full consideration paid for a transfer of property. At the time all revenues from the tax went to the general fund. The legislature by Act 195, SLH 1993, increased the conveyance tax to 10 cents per \$100 and earmarked 25% of the tax to the rental housing trust fund and another 25% to the natural area reserve fund. Because of legislation in 2005 and in 2009, the conveyance tax rates were substantially increased and bifurcated between nonowner-occupied residential properties and all other properties. Tax brackets were based on the amount of value transferred.

The proposed measure attempts to make the conveyance tax into a comprehensive revenue generating tax by imposing the conveyance tax rates on “complex transactions” resulting in the indirect transfer of real property. Just as the federal tax code imposes withholding tax on transfers of “U.S. real property holding corporations” as well as U.S. real property, this bill is trying to ensure that transfers of entities holding Hawaii real property are taxed under the conveyance tax just like the transfers of the real property itself.

We see two major policy concerns with this measure.

First, this additional taxable transaction increases the cost of restructuring ownership of entities by eliminating the exemption for conveyances of real property by an entity upon merger or consolidation. Upon a transfer of a controlling interest of an entity, the entity generally continues operations with either additional capital and/or new management, without specific values or consideration attributed to the entity’s underlying real estate or other properties.

This tax increase will have a negative impact on entities looking for ways of staying in business. As costs and overhead increase, employers must find ways to stay in business by either increasing prices to their customers or cutting back on costs. This measure will increase the cost for the alternative of raising capital through restructuring.

Second, the agency set up to capture the tax is the Hawaii bureau of conveyances. It records deeds and other conveyance instruments that are presented to it. There is no problem having the bureau review documents for certain exemptions based on the tenor of the document or having the department of taxation brought in to review more complex exemptions or documents. But with this bill, someone will need to look out for transactions (purchases and sales of interests in entities) that aren’t normally required to be reported to anyone. Certainly the bureau is not institutionally equipped to do that, it would be a stretch for the department of taxation which has had only limited involvement with this tax before, and the bill itself doesn’t appear to give taxpayers or the agencies guidance as to how taxpayers are supposed to be reporting, or how agencies are supposed to be collecting the tax on the more complex transactions. Suppose, for example, company A holding real property merges into company B, with company B surviving. At present, the transaction is evidenced by a certificate of merger filed with the department of commerce and consumer affairs and nothing needs to be filed at the bureau of conveyances. If

the intent is now to require the certificate of merger to be filed at the bureau which would make the transaction subject to the conveyance tax, it is not delineated in the measure.

If this bill is to move forward, more serious thought should be given to reporting and compliance issues, as well as delineating responsibilities for its enforcement.

Additionally, we have technical concerns. The bill as currently drafted does not impose the tax against anyone in particular, so it is technically defective in that respect. It is also unclear whether the entity, transferor, or transferee has any kind of reporting obligation. Without a reporting obligation, it is unclear how DOTAX would come across the information necessary to enforce the tax.

Digested: 1/23/2024



**HAWAII**  
1164 Bishop St., Ste. 1512  
Honolulu, HI 96813  
[tpl.org](http://tpl.org)

**TRUST FOR PUBLIC LAND'S TESTIMONY REGARDING SB2044 RE  
THE CONTROLLING INTEREST TRANSFER TAX  
Senate Committee on Housing, Rm. 225  
Thursday, January 25, 2024, 1:00 p.m.**


Aloha Chair Chang, Vice Chair Hashimoto and and Committee Members –

Trust for Public Land (TPL) supports the intent of SB 2044 relating to the controlling interest transfer tax -- to close the real estate conveyance tax loophole for companies that transfer ownership of land by transferring the controlling interest in companies that own land. However, TPL opposes setting aside the revenue from closing the loophole solely for the dwelling unit revolving trust fund.

There is a clear nexus between land sales, speculation, and development and degradation of our natural and cultural resources, and the conversion of agricultural land for non-agricultural uses. The Legacy Land Conservation Program, which currently receives up to 10% of the real estate conveyance tax (but statutorily capped at \$5.1 million), protects forested watershed land that produce our drinking water, culturally significant lands that perpetuate Native Hawaiian culture, agricultural lands that produce our food, and recreational areas that contribute to health and wellness of our residents. This small amount has remained the same for many years while land prices and speculation have grown.

If closing the loophole of the transfer of the controlling interests in companies results in additional revenue from the real estate conveyance tax, then the Legislature should consider increasing the statutory spending ceiling of the Legacy Land Conservation Program. Land in Hawai'i is very expensive. Every year, communities from all across the state compete for this tiny sum of money to purchase and protect special lands close to home – there are always more worthy projects than there is money available and opportunities to protect special places are lost forever.

Mahalo for this opportunity to testify. I apologize that I will not be able to attend the hearing in person or virtually due to a scheduling conflict.

  
Lea Hong  
Associate Vice-President  
Hawai'i State Director  
Edmund C. Olson Trust Fellow  
Trust for Public Land

**HAWAII BOARD**

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Ward Village/Howard Hughes

**Jan Sullivan**  
Oceanit



January 24, 2024

Senator Stanley Chang, Chair  
Senator Troy Hashimoto, Vice Chair  
Members of the Senate Housing Committee

RE: **SB 2044– RELATING TO CONTROLLING INTEREST TRANSFER TAX**  
**Hearing date – January 25, 2024 at 1:00 PM**

Aloha Chair Chang, Vice Chair Hashimoto and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **OPPOSITION to SB 2044– RELATING TO CONTROLLING INTEREST TRANSFER TAX**. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

SB2044 establishes a conveyance tax for the transfer of a controlling interest in an entity that owns real property in the State. Hawaii already has one of the worst conveyance taxes in the country. Additionally, the measure seeks to deposit funding into the Dwelling Unit Revolving Fund (DURF).

NAIOP Hawaii opposes this measure which proposes to consider the transfer of a controlling interest in an entity as a taxable transaction for real property purposes. We are concerned that this approach may lead to an increase in taxes for businesses engaging in legitimate transactions such as mergers, acquisitions, or changes in ownership structure. Passage of this bill will discourage investment, hinder economic growth, and burden business owners when attempting to restructure entity holdings.

Furthermore, this measure creates ambiguity for large corporate entities conducting business in Hawaii. Specifically, the definition of "controlling interest" and the conditions triggering taxation, introduces complexity and ambiguity as to when the new tax will apply. Additionally, small businesses will face challenges in the navigation of new tax obligations and compliance requirements introduced by this bill. The additional financial and administrative burden will result in disproportionate, negative

effect on small businesses. SB 2044 is anticipated to result in legal disputes, administrative challenges, and increased compliance costs for all affected entities.

Moreover, imposing a conveyance on the transfer of a controlling interest in a Special Purpose Entity (SPE) poses an issue for landowners who are simply looking to finance smaller holdings. Typically, in financing a single asset, lenders prefer a new SPE to provide additional financial certainty for a particular project.

Ultimately, this measure may result in: 1) fewer transactions triggering payment of conveyance tax; and 2) a meaningful reduction in economic activity due to additional costs in setting up a required SPE. NAIOP Hawaii is concerned that this increase in conveyance taxes may reduce the private sectors investment into long term projects which stimulate economic activity. Hawaii is already rated as one of the least business friendly States in the nation and increasing this tax rate will further discourage much needed investment here locally. Rather, additional efforts to encourage investment in Hawaii and incentivize the creation of new projects and businesses in Hawaii would stimulate our economy by creating jobs and tax revenue.

Accordingly, NAIOP Hawaii respectfully recommends that SB 2044 be deferred.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Reyn Tanaka', with a long horizontal flourish extending to the right.

Reyn Tanaka, President  
NAIOP Hawaii

**SB-2044**

Submitted on: 1/24/2024 12:49:08 PM

Testimony for HOU on 1/25/2024 1:00:00 PM

| <b>Submitted By</b> | <b>Organization</b>                        | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|--|---------------------------|------------------------|
| Kenneth Ingham      | Testifying for Cave Conservancy of Hawai`i | Oppose                    | Written Testimony Only |

Comments:

I am a director of the Cave Conservancy of Hawai`i (CCH). We are an organization devoted to protecting Hawaiian caves, including the life (often endemic, if even known in detail), archaeology, geology, and more.

We are concerned that SB2044 moves funds from the Land Conservation Fund to the Dwelling Unit Revolving Fund.

Hawai`i needs the Land Conservation fund to protect what little remains of its original natural environment and endemic species still remain. For example, Hawai`i is the world epicenter of endemic bird extinction. The redirection of conveyance tax monies from the Land Conservation Fund to Dwelling Unit Revolving Fund will do vast harm to efforts to conserve the remaining endemic fauna and flora, both by preventing purchase of key tracts as well as by environmental destruction from the creation of new subdivisions.

We understand the large need for housing in Hawai`i, and do not oppose measures that, in an environmentally sustainable way, increase housing options for Hawai`i residents. Please ensure that the solution you come up with is not at the cost of what makes Hawai`i unique.

**SB-2044**

Submitted on: 1/24/2024 12:14:24 PM

Testimony for HOU on 1/25/2024 1:00:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Tomislav Gracanin   | Individual          | Oppose                    | Written Testimony Only |

Comments:

To Whom it May Concern:

I oppose the transfer of fund from the Land Conservation Fund to the Dwelling Unit Revolving Fund.

Hawai'i needs the Land Conservation fund to protect what little remains of its original natural environment and endemic species still remain. Hawai'i is the world epicenter of endemic bird extinction, for example. The redirection of conveyance tax monies from the Land Conservation Fund to Dwelling Unit Revolving Fund will do vast harm to efforts to conserve the remaining endemic fauna and flora, both be preventing purchase of key tracts as by environmental destruction by sprawling subdivisions.

Sincerely, Tomislav Gracanin Ocean View, Hawai'i

**SB-2044**

Submitted on: 1/24/2024 12:36:43 PM

Testimony for HOU on 1/25/2024 1:00:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Lynn Britton        | Individual          | Oppose                    | Written Testimony Only |

Comments:

Aloha,

Hawaii is a special place. The Legacy Lands **Land Conservation Fund** gives the citizens of Hawaii the opportunity to preserve important places that reflect our values of sustainability and natural beauty. Only 10% of funds collected from conveyance tax revenues are allocated to the Land Conservation Fund. That should be higher, not less.

The goal of increasing affordable housing for Hawaii's people is good. Focus on how to increase affordable **and retain** housing for our people but not at the expense of losing valuable irreplaceable lands that will be key to protecting our culture and identity for future generations.

Mahalo

Lynn Britton, Maui resident 50 years



January 23, 2024

Senator Stanley Chang, Chair, Senate Housing Committee

Troy Hashimoto, Vice-chair, Senate Housing Committee

Re: **SB 2044 RELATING TO THE CONTROLLING INTEREST TRANSFER TAX.**

Dear Senators Chang and Hashimoto:

I am Gail Breakey, resident of Waipio Gentry and an advocate for vulnerable young children and their families. I am testifying in support of SB 2044, HRS "§247- Transfers or acquisitions of controlling interests in entities; applicability of chapter.

Chapter 247, Hawaii Revised Statutes, is amended by adding a new section which defines the criteria for the controlling interest transfer tax, it:

Establishes that the transfer of a controlling interest in an entity that owns real property in the state shall be subject to the conveyance tax established in chapter 247, HRS. Requires the conveyance tax collected on the transfer of the controlling interests to be deposited into the Dwelling Unit Revolving Fund. Requires the Department of Taxation to adopt rules.

It designates that all taxes collected pursuant to this section shall be deposited into the dwelling unit revolving fund established pursuant to section 201H-191.

**This bill creates a new source of funding for the Dwelling Unit Revolving Fund.**

Thank you very much for the opportunity to testify in support of this legislation.

Sincerely,



Gail Breakey, RN, MPH



**SB-2044**

Submitted on: 1/24/2024 12:56:55 PM

Testimony for HOU on 1/25/2024 1:00:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Rick Warshauer      | Individual          | Oppose                    | Written Testimony<br>Only |

Comments:

Oppose SB2044. This measure subverts original statute's sharing povisions