

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

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKUAĀINA 'Ō HAWAI'I
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

Testimony of
DAWN N. S. CHANG
Chairperson

Before the Senate Committees on
HEALTH AND HUMAN SERVICES
and
HOUSING

Tuesday, February 7, 2023
2:15 PM
State Capitol, Conference Room 225

In consideration of
SENATE BILL 678
RELATING TO THE CONVEYANCE TAX

Senate Bill 678 proposes three forward-looking adjustments to the distribution of conveyance tax revenue, including one that addresses the critical need for resource protection and land preservation by returning to the initial formula established by the 2005 Legislature (Act 156) that allocates ten percent of conveyance tax revenues to the Land Conservation Fund, uncapped. **The Department of Land and Natural Resources strongly supports this measure provided that its passage does not replace or adversely impact priorities indicated in the Executive Budget request.**

Over the last eight years, the combined effects of capped allocations, Turtle Bay debt service payments, and a large transfer of cash to the general fund have brought the unencumbered cash balance of the Land Conservation Fund to a dangerously low level. If left unattended, the situation could soon result in limiting annual expenditures to the current \$5.1 million revenue cap, which has unfortunately been the historic spending ceiling for most of the eighteen years of program operations. The existing allocation of conveyance tax revenue to the Land Conservation Fund is woefully inadequate for meeting the future needs of state agencies, counties, nonprofit land conservation organizations, and conservation-minded landowners that receive program funding for land acquisition and land management. Strengthening the buying power of the Legacy Land Conservation Program by increasing its revenue stream is a sound, powerful, and incomparable investment in our islands' future that carries immediate and perpetual community benefits.

Mahalo for the opportunity to provide testimony in strong support of this measure.

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

LAURA H.E. KAAKUA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

JOSH GREEN, M.D.
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

IN REPLY PLEASE REFER TO:

677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
PHONE: (808) 587-0620
FAX: (808) 587-0600

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES
AND
SENATE COMMITTEE ON HOUSING

February 07, 2023 at 2:15 p.m.
State Capitol, Room 225

In consideration of
S.B. 678
RELATING TO THE CONVEYANCE TAX.

HHFDC supports S.B. 678, which removes the annual cap on the conveyance tax allocated to the Rental Housing Revolving Fund (RHRF) and Legacy Land Use Conservation Fund; allocates 10% of the conveyance tax for services for the homeless and supportive housing; and creates the Homeless Services Fund.

HHFDC recognizes that homelessness is a longstanding statewide issue, and we support State and county efforts to provide the unsheltered homeless with housing and related services.

RHRF provides loans to fill financing gaps to enable the development, preservation, or rehabilitation of affordable rental housing projects. Infusion of additional funds into RHRF facilitates the continual delivery of housing. As pointed out in this bill, had the \$38M cap been lifted last year, \$98 million could have been deposited into the RHRF.

Thank you for the opportunity to provide testimony.



STATE OF HAWAII
STATE COUNCIL
ON DEVELOPMENTAL DISABILITIES
1010 RICHARDS STREET, Room 122
HONOLULU, HAWAII 96813
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543
February 7, 2023

The Honorable Senator Joy A. San Buenaventura, Chair
Senate Committee on Health and Human Services
and
The Honorable Senator Stanley Chang, Chair
Senate Committee on Housing
The Thirty-Second Legislature
State Capitol
State of Hawai'i
Honolulu, Hawai'i 96813

Dear Senator San Buenaventura, Senator Chang, and Committee Members:

SUBJECT: SB678 RELATING TO THE CONVEYANCE TAX.

The Hawaii State Council on Developmental Disabilities **SUPPORTS SB678**, which increases the conveyance tax rates. Exempt the conveyance tax on property with a restriction on increasing the rental price or resale price above any increase in the consumer price index for at least thirty years. Removes the maximum disposition caps of the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conservation Fund. Allocates ten per cent of the conveyance tax for homeless services and supportive housing. Creates the Homeless Services Fund.

Individuals with Intellectual/Developmental Disabilities (I/DD) are disproportionately affected by houselessness. A system that establishes permanent funding to support those in need of housing will ensure that vulnerable people in our community are afforded decent housing.

This measure, by increasing and properly allocating the conveyance tax, ensures that the Hawai'i real estate market will serve as a stable source of funding for services, providing substantial, ongoing support for those most affected by our housing crisis. The I/DD community will greatly benefit from the support of safe and affordable housing solutions.

Thank you for the opportunity to submit testimony in **support of SB678**.

Sincerely,

Daintry Bartoldus
Executive Administrator

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.678, Relating to the Conveyance Tax

BEFORE THE:

Senate Committee on Health and Human Services and Senate Committee on Housing

DATE: Tuesday, February 7, 2023

TIME: 2:15 p.m.

LOCATION: State Capitol, Room 225

Chairs San Buenaventura and Chang, Vice-Chairs Aquino and Kanuha, and Members of the Committees:

The Department of Taxation ("Department") offers the following comments regarding S.B. 678 for your consideration.

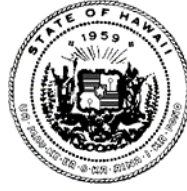
S.B. 678 seeks to: (1) amend section 346, Hawaii Revised Statutes (HRS), to add a section establishing the Homeless Services Fund; (2) amend section 247-2, HRS, by establishing increased conveyance tax rates; (3) amend section 247-3, HRS, to add an exemption from the conveyance tax on transfers of properties with a restriction on increasing the rental price above any increase in the consumer price index for at least thirty years; and (4) amend section 247-7, HRS, by removing the maximum disposition caps of the conveyance tax allocated to the Land Conservation Fund and Rental Housing Revolving Fund; and (5) allocate ten per cent of the conveyance tax to the Homeless Services Fund.

This measure will take effect on July 1, 2023. The increased conveyance tax rates, additional exemption, and allocation of the conveyance tax will apply to any transfer of real property made on or after January 1, 2024.

The Department is able to administer this measure as currently written.

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

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



CATHY BETTS
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 6, 2023

TO: The Honorable Senator Joy A. San Buenaventura, Chair
Senate Committee on Health & Human Services

The Honorable Stanley Chang, Chair
Senate Committee on Housing

FROM: Cathy Betts, Director

SUBJECT: **SB 678 – RELATING TO THE CONVEYANCE TAX.**

Hearing: Tuesday, February 7, 2023, 2:15 p.m.
Conference Room 225, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this measure, offers comments, and defers to the Governor's Coordinator on Homelessness, Department of Taxation, Department of Budget and Finance, Department of Land and Natural Resources, and Hawaii Housing Finance and Development Corporation regarding the impacts on their respective agencies and overall fiscal impact.

PURPOSE: The purpose of the bill is to increase the conveyance tax rates, exempt the conveyance tax on property with a restriction on increasing the rental price or resale price above any increase in the consumer price index for at least thirty years, and remove the maximum disposition caps of the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conservation Fund. Additionally, the measure creates the Homeless Services Fund and allocates ten percent of the conveyance tax for homeless services and supportive housing.

The Department agrees there is a critical need to maintain and grow available funds for homeless services, such as homeless outreach, shelter, civil legal services, Rapid Re-Housing, and Housing First or permanent supportive housing. Currently, DHS is requesting the following appropriations in the executive budget for each year of the upcoming fiscal biennium:

- Family Assessment Centers: \$1,550,000
- Housing First Program: \$3,750,000
- Rapid Re-Housing Program: \$3,750,000
- Outreach and Civil Legal Services: \$1,750,000

Funding for certain core homeless services has been provided only year-to-year, which does not encourage long-term strategies or investment by community providers in program development or allow for program enhancements. DHS has long maintained that funding for homeless services should become a recurring budget item in the executive's base budget instead of non-recurring year-to-year funding.

Regarding this proposal, DHS is concerned that allocations from the conveyance tax to the Homeless Services Fund could be unpredictable and subject to large fluctuation due to external factors impacting the amount paid into the conveyance tax. Accordingly, if this measure proceeds, DHS respectfully requests the Legislature's continued support of its executive budget requests for homeless services.

Finally, the administration and reporting requirements related to the Homeless Services Fund will require additional resources. As the session progresses, DHS will update testimony identifying resources necessary to provide proper oversight of the fund.

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



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 678: RELATING TO THE CONVEYANCE TAX

TO: Senate Committees on Health & Human Services, and Housing
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i
Hearing: **Tuesday, 2-7-23; 2:15 PM; CR 225 & via videoconference**

Chair San Buenaventura, Chair Chang, and Members, Committees on Health and Human Services, and Housing:

We appreciate the opportunity to provide testimony in **Strong Support of SB 678**, to increase the conveyance tax rates, remove the disposition caps allocated to the Rental Housing Revolving Fund (RHRF) and Legacy Land Use Conservation Fund (LLUCF), and allocate 10% of this tax for homeless services and supportive housing. I am Rob Van Tassell, with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 75 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has long been a supporter of funding to create substantial rental housing in our State.

Additional State revenues are greatly needed to address our state's housing crisis and to end homelessness. Our high housing costs, along with the high cost of living are creating out-migration of our population. These are driving our workers to move out of the state just when we need them the most. Our high housing costs are creating family instability and educational threats when families must move, disrupting the education of their children. Our high housing costs are creating homelessness, including a projected 300% for elders over the next 10 years.

Allocating 10% of the conveyance tax to homeless services is also a critical step forward for the state to prevent homelessness and expand services to move people off our streets as well as to provide the dedicated funding needed to successfully house the most vulnerable populations in permanent supportive housing.

Increasing the overall revenue of the conveyance tax and removing the caps on the RHRF and the LLUCF would address both the critical need for the State to increase affordable housing and to protect our environment in this time of increasing climate change. Currently, the RHRF cannot fund all the project applications received by HHFDC. Now, the Hawaii Public Housing Authority and other state entities like the University of Hawaii are looking into how to create more new affordable housing. Expanding revenues to the RHRF is essential to meet these growing needs and demands for state funding, and to give hope to the people of Hawai'i.

We urge your support. Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.





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The State Legislature
Senate Committee on Health and Human Services
Senate Committee on Housing
Tuesday, February 7, 2023
Conference Room 225, 2:15 p.m.

TO: The Honorable Joy San Buenaventura, Chair
The Honorable Stanley Chang, Chair

RE: Support for S.B. 678 Relating to Conveyance Tax

Aloha Co-Chairs San Buenaventura and Chang, and Members of the Committees:

My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 140,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP supports S.B. 678 which exempts the conveyance tax on property with a restriction on increasing the real price or resale price above any increase in the consumer price index for at least thirty years. It also removes the maximum disposition caps of the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conversation Fund while allocating a percentage to fund homeless services and supporting housing.

We are all fully aware of the affordable housing crisis in Hawaii. The Habitat for Humanity's 2021 State of Home Affordability in Hawaii reports that 1 in 5 households spend half or more of their income on housing. According to the same report, in total, 53% of renters and 30% of homeowners are cost-burdened, paying more than 30% of their income on housing. According to AARP/Statista analysis of close to 1000 older adults (age 55+) are expected to be evicted in 2023 and more than 1500 older (55+) are expected to experience homelessness i2023 in Hawaii.

S.B 678 provides developers an incentive to build more affordable housing. Incentives such as conveyance tax exemption aim to stimulate the development of housing types that are more likely to be affordable to low- or moderate-income households. Furthermore, if there are more homeowners buying affordable housing, it also increases the tax base, which eventually helps and offset the revenue that may be obtained from the conveyance tax.

Thank you very much for the opportunity to testify in support **S.B. 1551**.

Sincerely,


Keali'i S. López, State Director

Hearing Date: Tuesday, February 7th
Senate Committee on Health and Human Services and Housing
Submitted by [Planning for Community LLC](#)
SB678 - Relating to Eviction Mediation

LATE

To: Aloha Chair San Buenaventura, Chair Chang and committee members,
Planning for Community LLC consultants on urban planning and policy making for government agencies, nonprofits, and local businesses. Our work focuses on transportation and affordable housing improvements to create vibrant communities that support all people.

Planning for Community is submitting testimony in in strong support of SB678 which provides much needed updates to the conveyance tax. The tax has maintained at the same low rates (from 0.1%-1%) for over 15 years. At the same time, Hawai'i's housing crisis has deepened and thousands across the state are unsheltered. High-cost cities such as Seattle, San Francisco and New York have been increasing their conveyance tax rates in recent years to reflect the fact that people who are benefiting from the surge in home prices can help contribute to those who lack affordable housing. Tax rates in these cities have been updated to a range of 1.4% - 7.1%, depending on the city's property values.

Hawai'i needs bold action to address the housing crisis and this must include permanent new sources of funding for both affordable housing and homeless services. Updating the Hawai'i conveyance tax as proposed in SB678 will significantly boost funding for affordable housing, homeless services and land conservation. Based on collections over the past five years, the increases in SB678 would likely increase revenue by \$300-\$400M, and perhaps more, depending on the real estate market. SB678 significantly increased revenue for affordable housing, land conservation and homeless services by:

1. **Updating the conveyance tax** to a rate of 0.5% (one half of one-percent) for homes selling below \$2M. This rate is below average and a small portion of the sellers' closing costs. Homes selling for above \$2M are increased to 2%-6% depending on the value of the home, with the top rate of 6% for homes selling above \$10M dollars.
2. **Removing the caps on allocations of the conveyance tax.** The cap of \$38M for affordable housing is removed and is replaced by 50% of revenues for affordable housing as was originally intended. Similarly, the \$5.1M cap on land conservation is removed and an allocation of 10% is restored.
3. **Creating a new allocation of 10% of the tax for homeless services.**

By enacting the changes listed above, SB678 would provide the following increases in funding to critical public programs, including: Rental Housing Revolving Fund (from \$38M to \$150-\$200M); Land Conservation (from \$5.1M to \$30-\$40M), and; Homeless Services (from 0\$ to \$30-\$40M).

We urge the legislature to **PASS SB678** to address our housing crisis and provide services to those who are currently left out of housing market. Please pass SB678 to provide significant and ongoing resources to our residents that need affordable housing to live and work and Hawai'i.

Mahalo for the opportunity to testify.

Abbey Seitz
Planning for Community LLC
Owner and Manager

SB-678

Submitted on: 2/6/2023 9:49:19 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

LATE

Submitted By	Organization	Testifier Position	Testify
Kristen Alice	Testifying for HOPE Services Hawai'i	Support	In Person

Comments:

HOPE Services Hawai'i strongly supports this bill.

PARTNERS IN CARE

Oahu's Continuum of Care

Our mission is to eliminate homelessness through open and inclusive participation and the coordination of integrated responses.

TESTIMONY IN SUPPORT OF SB 678: RELATING TO THE CONVEYANCE TAX

TO: Senate Committees and Health and Human Services, and Housing
FROM: Partners In Care (PIC)
Hearing: **Tuesday; 2:15 pm; CR 225 or via videoconference**

Chair San Buenaventura, Chair Chang, and Members, Committees on Health and Human Services, and Housing:

Thank you for the opportunity to provide testimony **in strong support SB 678**, which raises the conveyance tax, removes the disposition caps on the Rental Housing Revolving Fund (RHRF) and Legacy Land Use Conservation Fund, and allocates 10% of this tax for homeless services and supportive housing. Partners In Care (PIC) is a coalition of more than 60 non-profit homelessness providers and concerned organizations.

Hawai'i needs to significantly increase its investment in affordable housing development, and by investing in it now, the legislature will be strengthening our economy. Our workforce is in trouble. The high cost of living is forcing many to consider moving away from Hawai'i and others into homelessness. Affordable housing is key. Partners In Care urges your support to create this new revenue source and remove the cap on these revenues to the RHRF, which would significantly add resources to meet the critical housing needs of our population.

60% of Hawaii's families pay more than one-third of their income on rent. Hit hard by the pandemic, they are still in financial jeopardy. Building affordable rentals builds resiliency for the future, as well as bringing hope to Hawaii's families. The RHRF is the major pathway for the State to promote the development of affordable rental units. RHRF has built thousands of units, yet 20,000 rentals are still needed by 2025 for Hawaii's lower income families (making \$61,000/year or less). Hawaii cannot end homelessness without a strong focus on more housing.

Homelessness is a state-wide issue and expanding services are essential to make an impact. Allocating 10% of the conveyance tax to provide the homeless services and specialized housing needed to end homelessness must be a top State priority. Homelessness creates high public costs. The personal costs are even higher for people who have no place to go. For example, vulnerable elders on walkers sometimes come into emergency shelters. Besides being the most vulnerable, elders face significant health trauma from homelessness and are at high risk for costly institutionalization. **Studies predict almost a 300% increase in elderly homelessness over the next 10 years.**

This bill could be a big step forward. We urge your continued prioritization of funding for affordable rents and services to prevent homelessness and give hope to the people of Hawai'i.

Bob Wardlaw, Advocacy Chair, PARTNERS IN CARE, OAHU'S CONTINUUM OF CARE
200 North Vineyard Boulevard • Suite 210 • Honolulu, Hawaii 96817 • (808) 380-9444 •
PICadvocate@gmail.com

SB-678

Submitted on: 2/5/2023 3:30:02 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kelly Cogo	Testifying for Hale 'Oluea Clubhouse	Support	Written Testimony Only

Comments:

Aloha,

My name is Kelly Cogo. I'm a member of the Hale 'Oluea Clubhouse on the Big Island. Part of the Hawaii Clubhouse Advocacy Coalition.

I strongly support ,SB678, Relating to Conveyance Tax. This Tax is Important to me because it will establish the Homeless Services Fund because many of my Peers need Affordable Housing Services.

Thank you for your time.

Sincerely,

Ms. Kelly A. Cogo

SB-678

Submitted on: 2/5/2023 11:40:46 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Jim Edmonds	Testifying for PAL Kauai - Permanently Affordable Living 501(c)(3)	Support	Written Testimony Only

Comments:

SB678 is not only needed, it is URGENT !

We are no longer experiencing a housing crisis . . . we are dealing with a full-blown tragedy !

On the approximately 24 mile stretch of the North Shore of Kauai, there are currently FOUR HOMES UNDER TWO MILLION DOLLARS. Right now there are 15 HOMES UNDER ONE MILLION ON THE ENTIRE ISLAND ! 913 under 1 million have been sold in the last 3 years.

Our local families and work force are leaving the Island, living in cars or on beaches and there have been far too many suicides. We must solve this tragedy immediately !

Kauai has the most crowded bedrooms in America and the worst homeless crisis – and we all know those numbers are very inaccurate if you count the “Hidden homeless”. We met a landlord recently who put his house up for rent and got almost 150 calls in TWO DAYS ! And most of them were from the continent.

I have lived in Hawai‘i for 49 years – on Kaua‘i for 37. I am the founder and Executive Director of PAL Kauai – Permanently Affordable Living (a non profit affordable housing developer, founded Oct. 2018) and the Principal Broker of Emerald Isle Properties for 33 years.

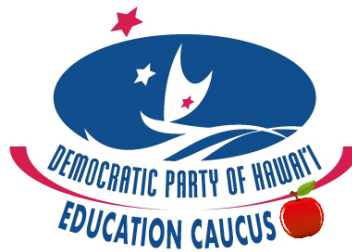
Please pass SB678 and do everything else you can do to help those of us who are in the trenches desperately trying to solve this tragedy. You may call or email me to ask questions or offer help any time.

Thank you for considering this urgent opportunity to help our beleaguered people.

Jim Edmonds

Jim@PAL-Kauai.org

808-443-8868



SENATE BILL 678, RELATING TO THE CONVEYANCE TAX

FEBRUARY 7, 2023 · SENATE HEALTH AND HUMAN SERVICES AND HOUSING COMMITTEES · CHAIRS SEN. JOY SAN BUENAVENTURA AND SEN. STANLEY CHANG

POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus **supports** SB 678, relating to the conveyance tax, which increases the conveyance tax rates; exempts the conveyance tax on property with a restriction on increasing the rental price or resale price above any increase in the consumer price index for at least thirty years; removes the maximum disposition caps of the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conservation Fund; allocates ten per cent of the conveyance tax for homeless services and supportive housing; and creates the Homeless Services Fund..

The revenue from the conveyance tax is, in part, used to fund the development of affordable housing, as well as to protect conservation land and natural resources. As noted by the Hawai'i Appleseed Center for Law and Economic Justice, these are two places in our social structure where the impact of an out-of-control real estate market has serious, adverse impacts.

Since the onset of the pandemic, Hawai'i's luxury real estate market has been booming. Yet, conveyance taxes have not risen concurrently, so that the sellers of high-end properties are not currently paying their fair tax share to support our state's public interest. In fact, while the cost of

housing and the value of real estate have continued to skyrocket, our islands' conveyance tax rates have not been updated since 2005.

Our state's conveyance tax rates are only 0.50 to 1.25 percent on multi-million dollar properties. In contrast, high-cost cities—such as Seattle and San Francisco—have been updating their transfer (conveyance) taxes to rates between 2 to 7 percent for luxury homes. If Hawai'i's conveyance tax were raised to 2 to 6 percent on properties worth \$2 million and higher, the state would generate an additional \$300–400 million in revenue every year.

Senate Bill 678 would increase revenue for affordable housing, homelessness, land conservation, and the general fund in the following estimated amounts:

- **Affordable Housing:** Between \$38–\$150 million more in annual funding;
- **Land Conservation:** Between \$5–30 million more in annual funding;
- **Homeless Services:** Between \$0–30 million more in annual funding; and
- **General Fund:** Between \$60–90 million more in annual funding.

We need new revenue to address Hawai'i's affordable housing and homelessness crises. According to the 2019 Hawai'i Housing Planning Study, our state needs approximately 11,857 additional housing units each year to meet the needs of its residents by the year 2025, with 30 percent of that need being concentrated for people earning at or below people earning 30 percent of Area Median Income (AMI), which equates to \$25,000 per year for a single person.

Additionally, the 2022 Point In Time Count (PIT) estimates that there are currently around 5,973 individuals living unsheltered in Hawai'i. This figure does not account for the “hidden homeless”—people relying on public assistance, relatives, or friends for shelter because they cannot afford to live on their own. Finally, eliminating the caps on the amount of conveyance tax revenue deposited into the Land Conservation Fund and Rental Housing Revolving Fund would increase their deposits to \$18.8 and \$94 million respectively, far above their current allocations.

Kris Coffield · Chairperson, DPH Education Caucus · (808) 679-7454 · kriscoffield@gmail.com



SB 678, RELATING TO THE CONVEYANCE TAX

FEBRUARY 7, 2023 · SENATE HEALTH AND HUMAN SERVICES AND HOUSING COMMITTEES · CHAIR SEN. JOY SAN BUENAVENTURA AND SEN. STANLEY CHANG

POSITION: Support.

RATIONALE: Imua Alliance supports SB 678, relating to the conveyance tax, which increases the conveyance tax rates; exempts the conveyance tax on property with a restriction on increasing the rental price or resale price above any increase in the consumer price index for at least thirty years; removes the maximum disposition caps of the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conservation Fund; allocates ten per cent of the conveyance tax for homeless services and supportive housing; and creates the Homeless Services Fund..

The revenue from the conveyance tax is, in part, used to fund the development of affordable housing, as well as to protect conservation land and natural resources. As noted by the Hawai'i Appleseed Center for Law and Economic Justice, these are two places in our social structure where the impact of an out-of-control real estate market has serious, adverse impacts.

Since the onset of the pandemic, Hawai'i's luxury real estate market has been booming. Yet, conveyance taxes have not risen concurrently, so that the sellers of high-end properties are not currently paying their fair tax share to support our state's public interest. In fact, while the cost of

housing and the value of real estate have continued to skyrocket, our islands' conveyance tax rates have not been updated since 2005.

Our state's conveyance tax rates are only 0.50 to 1.25 percent on multi-million dollar properties. In contrast, high-cost cities—such as Seattle and San Francisco—have been updating their transfer (conveyance) taxes to rates between 2 to 7 percent for luxury homes. If Hawai'i's conveyance tax were raised to 2 to 6 percent on properties worth \$2 million and higher, the state would generate an additional \$300–400 million in revenue every year.

Senate Bill 678 would increase revenue for affordable housing, homelessness, land conservation, and the general fund in the following estimated amounts:

- **Affordable Housing:** Between \$38–\$150 million more in annual funding;
- **Land Conservation:** Between \$5–30 million more in annual funding;
- **Homeless Services:** Between \$0–30 million more in annual funding; and
- **General Fund:** Between \$60–90 million more in annual funding.

We need new revenue to address Hawai'i's affordable housing and homelessness crises. According to the 2019 Hawai'i Housing Planning Study, our state needs approximately 11,857 additional housing units each year to meet the needs of its residents by the year 2025, with 30 percent of that need being concentrated for people earning at or below people earning 30 percent of Area Median Income (AMI), which equates to \$25,000 per year for a single person.

Additionally, the 2022 Point In Time Count (PIT) estimates that there are currently around 5,973 individuals living unsheltered in Hawai'i. This figure does not account for the “hidden homeless”—people relying on public assistance, relatives, or friends for shelter because they cannot afford to live on their own. Finally, eliminating the caps on the amount of conveyance tax revenue deposited into the Land Conservation Fund and Rental Housing Revolving Fund would increase their deposits to \$18.8 and \$94 million respectively, far above their current allocations.

Kris Coffield · Executive Director, Imua Alliance · (808) 679-7454 · kris@imuaalliance.org



AMERICANS FOR DEMOCRATIC ACTION

OFFICERS

John Bickel, President
Alan Burdick, Vice President
Doug Pyle, Secretary

Melodie Aduja
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DIRECTORS

Jan Lubin
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Stephen O'Harrow

Bill South
Michael Vernon

MAILING ADDRESS

P.O. Box 23404
Honolulu
Hawaii 96823

February 5, 2023

TO: Chairs San Buenaventura & Chang and Members of the HHS/HOU Committees

RE: SB 678 Relating to Conveyance Tax

Support for Hearing on Feb. 7

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support this bill as it would increase the conveyance tax rates and remove the maximum disposition caps of the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conservation Fund. We like the the fact that the increase makes our tax system more progressive. We also like money going into the funds for rentals and conservation.

Sincerely,

John Bickel, President

SB-678

Submitted on: 2/6/2023 10:24:11 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Patrick F. Hurney	Testifying for Habitat for Humanity Hawaii Island, Inc.	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Chair Chang and members of the Senate committees on Health and Human Services and Housing,

We are testifying in **strong support of SB678** which will provide some much needed updates to the conveyance tax, which has maintained the same low rates ranging from 0.1%-1% for over 15 years while at the same time our housing crisis has deepened and thousands of people across the state are unsheltered. High cost cities across the mainland such as Seattle, San Francisco and New York have been increasing their conveyance tax rates in recent years to reflect the fact that people who are benefiting from the surge in home prices can help contribute to those who lack affordable housing or any housing in the current economy. Tax rates in these cities have been updated to a **range of 1.4% - 7.1%** depending on the home value.

Hawai'i needs bold action to address the housing crisis and this must include **permanent new sources of funding** for both affordable housing and homeless services.

Updating the Hawai'i conveyance tax to a range of 0.5% to 6% depending on home value as proposed in SB678 will significantly boost funding for affordable housing, homeless services and land conservation. Based on collections over the past five years the increases in SB678 would likely increase revenue by \$300-\$400M and perhaps more depending on the real estate market.

SB678 does three things to significantly increase revenue for affordable housing, land conservation and homeless services:

1. Updates the conveyance tax to a rate of 0.5% (one half of one-percent) for homes selling below \$2M. This rate is below average and a small portion of the sellers closing costs. Homes selling for above \$2M are increased to 2%-6% depending on the value of the home with the top rate of 6% for homes selling above \$10M dollars.
2. Removes the caps on allocations of the conveyance tax. The cap of \$38M for affordable housing is removed and is replaced by 50% of revenues for affordable housing as was originally intended. Similarly the \$5.1M cap on land conservation is removed and an allocation of 10% is restored.

3. Creates a **new allocation of 10% of the tax for homeless services.**

By enacting the changes listed above SB678 would provide the following increases in funding.

Rental Housing Revolving Fund: From \$38M to **\$150-\$200M**

Land Conservation: From \$5.1M to **\$30-\$40M**

Homeless Services: From 0\$ to **\$30-\$40M**

We urge the legislature to take bold action to address our housing crisis and provide services to those who are left out of the current housing market. Please pass SB678 to provide significant and ongoing resources to our residents that need affordable housing to live and work and Hawai'i.

Mahalo,

Patrick Hurney

Executive Director

Habitat for Humanity Hawaii Island

SB-678

Submitted on: 2/6/2023 9:34:15 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kevin Carney	Testifying for Affordable Housing Connections LLC	Support	Written Testimony Only

Comments:

Aloha Members of the Committee on Health & Human Services and Members of the Committee on Housing, AHC Hawaii is in strong support of SB678, particularly the exemption from the conveyance tax for affordable multifamily housing with regulatory restrictions on affordability and rent increases that extend beyond 30 years from the date of the regulatory agreement. To further restrict the exemption the committees might consider applying it only to land leased from the State and/or County. Exempting affordable multifamily housing reduces the impact on the State's Rental Housing Revolving Fund (RHRF).

Mahalo for the opportunity to support SB678.

Kevin R. Carney

SB-678

Submitted on: 2/6/2023 10:34:10 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Paul Normann	Testifying for Neighborhood Place of Puna	Support	Written Testimony Only

Comments:

Neighborhood Place of Puna strongly supports SB678. First, it is intrinsically fair. While no one likes extra fees on transactions like property sales, given the appreciation of properties the increase in Conveyance Tax fee is more than fair. Additionally, SB678 helps ensure that funds generated from the conveyance go to address one of the most pressing issues for Hawaii residents and businesses - the lack of affordable housing and homelessness. Without affordable housing, homelessness and poverty will continue to be a pervasive problem in Hawaii. Without affordable housing, local businesses will find it harder and more expensive to hire the staff they need to be successful. Neighborhood Place of Puna strongly encourages you to support SB678.



Testimony of the Hawai'i Housing Affordability Coalition
SUPPORTING SB678— Relating to the Conveyance Tax
Conference Room 225 & Videoconference
Tuesday Feb 7th, 2023 at 2:15PM

Aloha Chair San Buenaventura, Chair Chang and members of the Senate committees on Health and Human Services and Housing,

We are testifying in **strong support of SB678** which will provide some much needed updates to the conveyance tax, which has maintained the same low rates ranging from 0.1%-1% for over 15 years while at the same time our housing crisis has deepened and thousands of people across the state are unsheltered. High cost cities across the mainland such as Seattle, San Francisco and New York have been increasing their conveyance tax rates in recent years to reflect the fact that people who are benefiting from the surge in home prices can help contribute to those who lack affordable housing or any housing in the current economy. Tax rates in these cities have been updated to a **range of 1.4% - 7.1%** depending on the home value.

Hawai'i needs bold action to address the housing crisis and this must include **permanent new sources of funding** for both affordable housing and homeless services.

Updating the Hawai'i conveyance tax to a range of 0.5% to 6% depending on home value as proposed in SB678 will significantly boost funding for affordable housing, homeless services and land conservation. Based on collections over the past five years the increases in SB678 would likely increase revenue by \$300-\$400M and perhaps more depending on the real estate market.

SB678 does three things to significantly increase revenue for affordable housing, land conservation and homeless services:

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2. Removes the caps on allocations of the conveyance tax.

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Similarly the \$5.1M cap on land conservation is removed and an allocation of 10% is restored.

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By enacting the changes listed above SB678 would provide the following increases in funding.

Rental Housing Revolving Fund: From \$38M to **\$150-\$200M**

Land Conservation: From \$5.1M to **\$30-\$40M**

Homeless Services: From 0\$ to **\$30-\$40M**

We urge the legislature to take bold action to address our housing crisis and provide services to those who are left out of the current housing market. Please pass SB678 to provide significant and ongoing resources to our residents that need affordable housing to live and work and Hawai'i.

Mahalo for the opportunity to testify.



LATE

TRUST FOR PUBLIC LAND'S TESIMONY IN SUPPORT OF SB 678
Joint Senate Committees on Health & Human Services and Housing
Tuesday, February 7, 2023, 2:15 pm.
State Capitol Room 225 & Via Videoconference

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1164 Bishop St., Ste. 1512
Honolulu, HI 96813
tpl.org

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Aloha Chair San Buenaventura, Chair Chang and members of the Senate join committees:

Trust for Public Land strongly supports SB 678, which increases conveyance tax on the sale of high end homes over \$2 million to provide significant revenue for land conservation as well as affordable housing and homeless services, and removes the \$5.1 million spending ceiling on the Legacy Land Conservation Program.

We fully support efforts to increase resources to the land conservation fund since the \$5.1M currently allocated to the fund from the conveyance tax is not sufficient to meet the need. Every year there are more applications to purchase lands than there are funds available, and increasing these resources will help ensure we are protecting our most valuable natural resources for generations to come.

During the past six or more years, the cap has remained at \$5.1 million while real estate prices have skyrocketed. Meanwhile, residents' desire to conserve special lands on their islands has risen. As a result, the Legacy Land Conservation Commission routinely recommends many more worthy projects for funding than there are funds available – double or triple the amount available in the fund. Due to lack of funds, projects must request money over multiple years – delaying closings, and resulting in heartbreaking missed opportunities while international or mainland speculators quickly purchase incredibly special lands above asking prices or appraised fair market values, in cash, with short closings.

As real estate prices rise and conveyance tax collections rise, it is appropriate that the Legacy Land Conservation Program spending cap increases to keep pace with rising real estate prices.

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
Hawaii State Director
Edmund C. Olson Trust Fellow
Trust for Public Land

SB-678

Submitted on: 2/6/2023 1:33:37 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Beth Thoma Robinson	Testifying for Hawaii Life	Support	Written Testimony Only

Comments:

Testimony in SUPPORT of SB 678 RELATING TO THE CONVEYANCE TAX

Senators San Buenaventura, Aquino, Chang and Kanuha:

Aloha, my name is Beth Thoma Robinson R(B) and I am a Broker-in-Charge and Director of Conservation and Legacy Lands for Hawaii Life real estate brokerage. I am writing in support of SB678.

First, having represented properties seeking funding from Legacy Land Use Fund as part of the package to purchase them for conservation, it has been painful to watch the Commissioners forced to allocate funds under the cap and deny funding to worthwhile purchases when the money is actually sitting in the Fund. Eliminating the cap is an important component in protecting *wahi pana* while we still have the chance.

Second, as an individual I have been volunteering my time to efforts to create affordable housing in my home of Kohala for the past 15 years. Although my position is not one broadly shared in the community of real estate professionals, in my opinion, the increase in conveyance tax poses no hardship to sellers of luxury properties, but the funds directed towards affordable housing and houselessness are critical towards keeping local families in Hawai'i.

Mahalo for the opportunity to testify.

Beth Thoma Robinson, R(B)

Director, Conservation and Legacy Lands

H A W A I ' I L I F E

beth@hawaiilife.com

808-443-4588 (Direct)

69-201 Waikoloa Beach Dr, Suite 2F14, Waikoloa, HI 96738

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FOUNDING MEMBER OF [FORBES GLOBAL PROPERTIES](#)

LATE



Testimony of the Hawai'i Housing Affordability Coalition
SUPPORTING SB678— Relating to the Conveyance Tax
Conference Room 225 & Videoconference
Tuesday Feb 7th, 2023 at 2:15PM

Aloha Chair San Buenaventura, Chair Chang and members of the Senate committees on Health and Human Services and Housing,

We are testifying in **strong support of SB678** which will provide some much needed updates to the conveyance tax, which has maintained the same low rates ranging from 0.1%-1% for over 15 years while at the same time our housing crisis has deepened and thousands of people across the state are unsheltered. High cost cities across the mainland such as Seattle, San Francisco and New York have been increasing their conveyance tax rates in recent years to reflect the fact that people who are benefiting from the surge in home prices can help contribute to those who lack affordable housing or any housing in the current economy. Tax rates in these cities have been updated to a **range of 1.4% - 7.1%** depending on the home value.

Hawai'i needs bold action to address the housing crisis and this must include **permanent new sources of funding** for both affordable housing and homeless services.

Updating the Hawai'i conveyance tax to a range of 0.5% to 6% depending on home value as proposed in SB678 will significantly boost funding for affordable housing, homeless services and land conservation. Based on collections over the past five years the increases in SB678 would likely increase revenue by \$300-\$400M and perhaps more depending on the real estate market.

SB678 does three things to significantly increase revenue for affordable housing, land conservation and homeless services:

1. Updates the conveyance tax to a rate of 0.5% (one half of one-percent) for homes selling below \$2M. This rate is below average and a small portion of the sellers closing costs. Homes selling for above \$2M are increased to 2%-6% depending on the value of the home with the top rate of 6% for homes selling above \$10M dollars.

2. Removes the caps on allocations of the conveyance tax.

The cap of \$38M for affordable housing is removed and is replaced by 50% of revenues for affordable housing as was originally intended.

Similarly the \$5.1M cap on land conservation is removed and an allocation of 10% is restored.

3. Creates **a new allocation of 10% of the tax for homeless services.**

By enacting the changes listed above SB678 would provide the following increases in funding.

Rental Housing Revolving Fund: From \$38M to **\$150-\$200M**

Land Conservation: From \$5.1M to **\$30-\$40M**

Homeless Services: From 0\$ to **\$30-\$40M**

We urge the legislature to take bold action to address our housing crisis and provide services to those who are left out of the current housing market. Please pass SB678 to provide significant and ongoing resources to our residents that need affordable housing to live and work and Hawai'i.

Mahalo for the opportunity to testify.



To: Committee on Health and Human Services and Committee on Housing

Hearing Date/Time: Tuesday February 7, 2023 2:15 PM

Re: Testimony in Support of SB 678

From: Heather Lusk, Hawaii Health and Harm Reduction Center

Dear Chair San Buenaventura, Chair Chang and Members of the Committees:

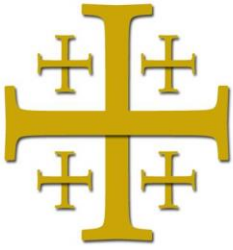
The Hawaii Health & Harm Reduction Center (HHHRC) supports SB 678 which would provide updates to the conveyance tax which has been historically low. These increases would provide much needed funding for affordable housing and homelessness services – both of which are much needed. By updating the conveyance tax but still aligning it with property value will ensure that those who can afford multi-million dollar homes will be the ones helping fund the rental housing revolving fund as well as the new allocation of 10% of the tax for homeless services.

HHHRC's mission is to *reduce harm, promote health, create wellness and fight stigma in Hawaii and the Pacific*. We focus our efforts on those disproportionately affected by social determinants of health, including but not limited to: people living with and/or affected by HIV, hepatitis, substance use, and the transgender, LGBTQ and the Native Hawaiian communities.

HHHRC provides services to many who are houseless or marginally housed and we need more resources like the ones that will result in this conveyance tax update, thank you for taking the bold move that is needed to address our housing crisis.

Thank you for the opportunity to testify.

Heather Lusk, Executive Director, Hawaii Health and Harm Reduction Center



ST. MICHAEL THE ARCHANGEL CHURCH

75-5769 Ali'i Drive Kailua-Kona, HI 96740

PH: (808) 326-7771 • Email: stmichaelarchangel@rcchawaii.org

Website: stmichaelparishkona.org

February 06, 2023

RE: SB 678 - Support

Chair and Members of the Joint Senate Committee on Health & Human Services and Housing :

There is a critical need for a new permanent fund for affordable housing and homeless services.

SB 678 establishes the homeless services fund to be administered and managed by the state. Moneys in the homeless services fund shall be expended for homeless services and supportive housing, including homeless facilities programs for the homeless authorized by the department.

SB 678 increases the percentage of the conveyance tax. We need sustainable and practical ways to boost spending for everyone in need of housing and SB678 is the bill with the biggest impact. Most of the proposed tax is on homes selling for more than \$2M. Since this is a one-time tax at the time of sale -- and all homes below \$2M have a low rate of 0.5%, this tax will have minimal impact on community members earning local wages.

Homeless services on Hawaii Island would benefit by \$4.5M-\$6M per with this bill. In West Hawaii we desperately need more homeless services workers and housing to give our families and individuals the stability that only appropriate housing can provide.

Let's turn the tide on our housing crisis and increase the contributions from those doing well in our current market to help those who are losing hope of ever finding housing in this market.

Please vote yes on SB678 and move it along.

Humbly,

Shirley David

Shirley David, Chair

St. Michael the Archangel Pastoral Council

ONE CATHOLIC OHANA



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HACBED Staff

Brent N. Kakesako
Executive Director

Merri Keli'ikuli
*Office Manager & Program
Support*

Corin Thornburg
*Community-Based Economic
Development Project Associate*

Date: February 6, 2023

To: Senator Stanley Chang & Senator Joy A. San Buenaventura, Chairs,
Senator Dru Mamo Kanuha & Senator Henry J.C. Aquino, Vice-Chairs,
and members of the Committees on Housing and Health & Human
Services

From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic
Development (HACBED)

Re: Support for SB 678

Aloha e Chair Chang & Chair San Buenaventura, Vice-Chair Kanuha & Vice-
Chair Aquino, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports SB 678, which increases the conveyance tax rates, exempts the conveyance tax on property with a restriction on increasing the rental price or resale price above any increase in the consumer price index for at least thirty years, removes the maximum disposition caps of the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conservation Fund, allocates ten per cent of the conveyance tax for homeless services and supportive housing, and creates the Homeless Services Fund.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED played a facilitating role in the State Asset Policy Task Force and was a key contributor to the State Asset Policy Road Map.

SB 678 will have numerous positive impacts in ways to support both people and this place. It would make adjustments to the conveyance tax rates so that they would capture a larger share of revenue from the sale of multi-million dollar homes, which would create a significant increase in funding for affordable housing, homeless services and land conservation. It would also lift the arbitrary cap on the Rental Housing Revolving Fund and the Legacy Land Use Conservation Fund – which would increase funding to house families in Hawai'i as well as opportunities to conserve and steward valuable 'āina. SB 678 would also create a new, third fund for homelessness services and dedicate an additional 10% of conveyance tax revenue to this new Homeless Services Fund to help triage the interconnected crisis of houselessness in Hawai'i.

The passage of SB 678 would address multiple challenges that currently impact this place and all of us who call it home.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director



Monday, February 6, 2023

Aloha Chairs, Vice Chairs, and Members of the Committees,

I'm writing to express Hawai'i YIMBY's support of SB 678, which would create a sustainable new revenue source to fund affordable housing.

The housing crisis and homelessness crisis are complex problems that demand multifaceted responses, and expanding funding for affordable housing is a key part of the solution.

SB 678 is one way we can secure that funding. Simply by bringing our tax rates more in line with similar high-cost regions, we could generate hundreds of millions in revenue per year.

Places like Seattle and San Francisco already have comparable (or even higher) rates. Bringing the conveyance tax more in line with theirs at the highest sale price brackets would have a major impact on available funding for affordable housing and the associated issues this bill seeks to address, and would mostly affect out-of-state investors rather than locals seeking homeownership.

We urge your support for this bill. Thank you for the opportunity to testify.

Mahalo,
Matt Popovich

Hawai'i YIMBY
hawaiiyimby.com | matt@hawaiiyimby.com

*Expanding the range of opportunities for all by
developing, managing and promoting quality
affordable housing and diverse communities.*



LATE

Testimony of EAH Housing | Hawai'i Region
RELATING TO SB678

Thursday February 07, 2023 at 2:15 PM,
Written Testimony Only

Senate Committee on Health and Human Services
Chair Joy San Buenaventura, Vice Chair Henry Aquino,
Members Sharon Moriwaki, Maile Shimabukuro, and Brenton Awa

Senate Committee on Housing
Chair Stanley Chang, Vice Chair Dru Kanuha,
Members Henry Aquino, Karl Rhoads, and Brenton Awa

Support of amendments to §247-3 (18) Exemptions and §247-7 (2) Disposition of Taxes.

The §247-3 (18) Exemptions amendment will help to alleviate a cost to affordable housing development by exempting payment of conveyance tax in the acquisition of real property. There is no one regulatory change that will eliminate financial barriers in developing affordable housing, so this cost reduction in acquiring real property is a move in a positive direction.

The §247-7 (2) Disposition of Taxes amendment will allow additional funding to be paid into the Rental Housing Revolving Fund in support of gap financing for the development of affordable rental housing. Gap financing, also known as "soft loans," is a crucial source, among multiple sources in covering the cost of rental affordable housing. Increasing the affordable housing inventory requires more projects, thereby increasing the need for gap financing.

Thank you for the opportunity to provide input on SB678.

A handwritten signature in black ink that reads "Karen Seddon".

Karen Seddon, Regional Vice President
EAH Housing

EAH Housing is a non-profit corporation founded with the belief that attractive affordable rental housing is the cornerstone to sustainable, healthy, and livable communities.

1001 Bishop Street, Suite 2880
Honolulu, Hawaii 96813
(808) 466-7774

**Testimony of The Nature Conservancy
Supporting SB 678, Relating to the Conveyance Tax.**

**Committee on Health and Human Services
Committee on Housing
February 7, 2023, 2:15 pm
Conference Room 225 and via Videoconference**

Aloha Chair San Buenaventura, Chair Chang, Vice Chair Aquino, Vice Chair Kanuha, and Members of the Committees:

The Nature Conservancy (TNC) supports SB 678, Relating to the Conveyance Tax, which will modernize the conveyance tax to provide significant revenue for land conservation as well as affordable housing and homeless services.

The Land Conservation Fund supports the Legacy Land Conservation Program, which funds grants to State and County governments and non-profit land conservation organizations to acquire land and protect valuable resources for public benefit. Protecting these lands offers wide benefits for the people of Hawai'i, including reforestation efforts that help mitigate the impacts of climate change by providing freshwater for our islands and habitat for threatened and endangered plant and animal species. Protection and management also reduces runoff, drought, and wildfires that directly impact communities and our ecosystems. Removing the cap on the Land Conservation Fund will support much needed land protection efforts as Hawai'i battles these impact of climate change.

As real estate prices rise, removing the cap on the Land Conservation Fund will help meet the demand for and cost of acquiring land for public and ecological benefit. Under the current cap, the Legacy Land Conservation Program regularly is unable to meet all the need. Additionally, the Land Conservation Fund provides vital matching funds necessary to access federal money under the Land and Water Conservation Fund, which provides \$900 million annually for land conservation programs nationally.

Mahalo for your support of Hawai'i's natural resources and the opportunity to provide testimony in support of SB 678.

The Nature Conservancy of Hawai'i and Palmyra is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 nature preserves and work in over 50 coastal communities to help protect and restore the nearshore reefs and fisheries of the main Hawaiian Islands. We forge partnerships with government, private parties, and communities to protect forests and coral reefs for their ecological values and for the many benefits they provide to people.

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SUPPORTING SB678– Relating to the Conveyance Tax Tuesday Feb 7th, 2023 at 2:15PM

Aloha Chair San Buenaventura, Chair Chang and members of the Senate committees on Health and Human Services and Housing,

We are **testifying in strong support of SB678** which will provide some much needed updates to the conveyance tax, which has maintained the same low rates ranging from 0.1%-1% for over 15 years while at the same time our housing crisis has deepened and thousands of people across the state are unsheltered. High cost cities across the continent have been increasing their conveyance tax rates in recent years to reflect the fact that people who are benefiting from the surge in home prices can help contribute to those who lack affordable housing or any housing in the current economy.

Problem: There is a critical need for affordable housing and homeless services.

* We need **more permanent funding for affordable housing and land conservation.**

* **We also need permanent funding for homeless services.** Current State Housing First and Rapid Rehousing programs are being funded through federal funding. You need a solution to keep people housed and keep these essential programs funded. With new housing units in queue to come online, supportive services are critical for housing stability to help families and individuals transition from the streets, cars, beaches, tents and emergency shelters to housed communities. We need to fund these services too and pair it with affordable housing opportunities (ie. supportive housing).

Policy Solution: A targeted and progressive increase in the conveyance tax can provide significant funds for affordable housing, homeless services and land conservation.

* Most of the proposed tax is on **homes selling for more than \$2M**. Since this is a *one-time tax* at the time of sale -- and all homes below \$2M have a low rate of 0.5% (half of one-percent) this tax will have minimal impact on community members earning local wages.

We need **sustainable and practical ways** to catch up with building the necessary resources to address those experiencing homelessness with severe mental illnesses and addiction challenges. This new funding will be an avenue to forge that path to build/acquire facilities, programs and increase the people resources needed throughout the State in a sustained, intentional plan.

Let's make this happen,
Brandee Menino, Chief Executive Officer



Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to children and their families. Our core issues are safety, health, and education.

To: Senate Committees on Health and Human Services and on Housing

Re: **SB 678 - Relating to the Conveyance Tax**
Hawai'i State Capitol and via videoconference
February 7, 2023, 2:15 PM

Dear Chairs San Buenaventura and Chang, Vice Chairs Aquino and Kanuha, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing **in SUPPORT of SB 678, relating to the conveyance tax**. This bill increases the conveyance tax rates, exempts the conveyance tax on property that are restricted from increasing rental or resale prices beyond inflation for at least thirty years, removes the caps on the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conservation Fund, and allocates ten per cent of the conveyance tax for homeless services and supportive housing.

**HCAN Speaks! Board
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During the pandemic, residential real estate prices in Hawai'i skyrocketed to record highs over and over again. But current conveyance tax rates are only 0.10–1.25 percent, even on multi-million dollar properties. This bill would raise rates of the conveyance tax, which is charged when property is transferred between owners.

Raising the rates to 2 to 6 percent, as this bill proposes, could raise hundreds of millions of dollars per year, and most of the revenue would come from properties worth more than \$2 million. **More than half of homes priced above \$2 million were sold to non-Hawai'i residents** between January 2019 and September 2020, according to the Bureau of Conveyances.

It is well known that Hawai'i's families are facing affordable housing and homelessness crises. The revenues from this bill would help alleviate these crises, by directing the funds to priorities such as the Rental Housing Revolving Fund, which provides low-interest loans or grants for qualified affordable housing projects, can help to alleviate it.

However, the amount paid into the rental housing revolving fund annually from the conveyance tax has been capped at the lesser of 50 percent or \$38 million. If there had been no cap on the fund, it would have received tens or even hundreds more dollars per year over the past several years.

In other words, this bill has the potential to help increase the number of affordable rental units in our state and provide badly needed homelessness services. Many of Hawai'i's working families with children would benefit from both.

Mahalo the opportunity to provide this testimony. Please pass this bill.

Thank you,

Nicole Woo
Director of Research and Economic Policy

February 7, 2023

The Honorable Joy A. San Buenaventura, Chair
Senate Committee on Health and Human Services

The Honorable Stanley Chang, Chair
Senate Committee on Housing
State Capitol, Conference Room 225 & Videoconference

RE: Senate Bill 678, Relating to the Conveyance Tax
HEARING: Tuesday, February 2, 2023, at 2:15 p.m.

Aloha Chair San Buenaventura, Chair Chang, and Members of the Joint Committees:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i and its over 11,000 members. HAR strongly respectfully **opposes** Senate Bill 678, which increases the conveyance tax rates. Exempt the conveyance tax on property with a restriction on increasing the rental price or resale price above any increase in the consumer price index for at least thirty years. Removes the maximum disposition caps of the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conservation Fund. Allocates ten per cent of the conveyance tax for homeless services and supportive housing. Creates the Homeless Services Fund.

While we appreciate the intent of this measure to find a source of funding for homeless services and supportive housing, we respectfully request another source of funding be identified. Increasing the Conveyance Tax will negatively impact the housing market in Hawai'i and lead to an increase in the cost of housing. This measure proposes to greatly increase the Conveyance Tax rates for real property. The following are examples of the rate increases:

Property Value:	Current Per \$100:	Proposed:	Current Rate (in Dollars):	Proposed (in Dollars):
< \$600,000 (Removed)	\$0.10	\$0.50	\$400 (\$400k property)	\$2,000
\$600k - \$.99 mil (Removed)	\$0.20	\$0.50	\$1,200 (\$600k property)	\$3,000
\$1 mil - \$1.99 mil (Removed)	\$0.30	\$0.50	\$3,000 (\$1mil property)	\$5,000
< \$2,00,000 (Proposed-New Rate)	\$0.30	\$0.50	\$4,500 (\$1.5mil property)	\$7,500
\$2 mil - \$3.99 mil	\$0.50	\$2.00	\$15,000 (\$3mil property)	\$60,000
\$4 mil - \$5.99 mil	\$0.75	\$4.00	\$37,500 (\$5mil property)	\$200,000
\$6 mil - \$9.99 mil	\$0.90	\$5.00	\$72,000 (\$8mil property)	\$400,000
\$10 mil +	\$1.00	\$6.00	\$100,000 (\$10mil property)	\$600,000

Additionally, for condominiums and single-family homes which the purchaser is ineligible to qualify for a homeowner exemption.

Property Value:	Current Per \$100:	Proposed:	Current Rate (in \$):	Proposed (in \$):
< \$600,000 (Removed)	\$0.15	\$0.55	\$600 (\$400k property)	\$2,200
\$600k - \$.99 mil (Removed)	\$0.25	\$0.55	\$1,500 (\$600k property)	\$3,300
\$1 mil – \$1.99 mil (Removed)	\$0.45	\$0.55	\$4,500 (\$1mil property)	\$5,500
< \$2,00,000 (Proposed - New)	\$0.45	\$0.55	\$8,250 (\$1.5mil property)	\$22,500
\$2 mil - \$3.99 mil	\$0.65	\$2.00	\$19,500 (\$3mil property)	\$60,000
\$4 mil - \$5.99 mil	\$0.85	\$4.00	\$42,500 (\$5mil property)	\$200,000
\$6 mil - \$9.99 mil	\$1.10	\$5.00	\$88,000 (\$8mil property)	\$400,000
\$10 mil +	\$1.25	\$6.00	\$125,000 (\$10mil property)	\$600,000

The Conveyance Tax applies to not only residential property such as single-family homes and condominiums, but to the conveyance of multi-family rentals, land for residential subdivisions, mixed-income and multi-use properties, commercial properties, resort properties, and agricultural lands. With inflation hitting a 40-year high and rising interest rates, Hawaii's real estate market experienced a 22.64% decrease in sales from the previous year for single-family homes and 20.06% decrease for condominiums.¹ Increasing the conveyance tax would be counterproductive during our current real estate market which has slowed.

Furthermore, this would affect development projects including affordable housing rentals or for sale projects, which purchase uninhabitable property and make it habitable. According to the Department of Business Economic Development and Tourism's 2019 report on Housing Demand in Hawai'i, the state needs up to 45,497, housing units to meet demand in Hawai'i by 2030². Ultimately, we have a housing supply problem, and the Conveyance Tax proposed in this measure adds to the cost of housing.

HAR would also note that the Conveyance Tax applies even if someone sells a property at a loss. Often, it is the seller that pays the Conveyance Tax. This makes it a punishing tax, especially for someone that is already struggling financially and needs to sell their assets. One pays the same Conveyance Tax regardless of whether it is sold at a loss or a profit.

Additionally, this measure proposes to create a new Homeless Services special fund and remove the caps on the Legacy Land Use Conservation Fund and Rental Housing Revolving Fund. The problem linking funding to the Conveyance Tax is that when the real estate market is down, there are not enough funds to pay for the programs and the special funds it covers. The Conveyance Tax is often targeted for increase to cover these programs; however, when the market is up, there are excess funds over and above the program's needs. This becomes a cyclical issue, and unreliable in forecasting for these program's needs.

For the foregoing reasons, Hawai'i REALTORS® strongly opposes this measure. Mahalo for the opportunity to testify.

¹ Hawai'i REALTORS®. (2023). *2022 Statewide Housing Data*. <https://www.hawaii Realtors.com/wp-content/uploads/2023/01/2022-Annual-Statewide-Statistics-Report.pdf>

² Department of Business, Economic Development & Tourism. (2019). *Hawaii Housing Demand 2020-2030*. <https://files.hawaii.gov/dbedt/economic/reports/housing-demand-2019.pdf>



February 6, 2023

Senator Joy Buenaventura, Chair
Senator Henry Aquino, Vice Chair
Members of the Senate Committee Health
And Human Services

Senator Stanley Chang, Chair
Senator Dru Kanuha, Vice Chair
Members of the Senate Committee Housing

RE: **SB 678– RELATING TO CONVEYANCE TAX**
Hearing date – February 7, 2023 at 9:30 am

Aloha Chair Rhoads and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **OPPOSITION to SB 678 – RELATING TO TAXATION**. 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.

SB 678 increases the conveyance tax rates and creates exemptions for property with a restriction on increasing the rental price or resale price above any increase in the consumer price index for at least thirty years. Additionally, SB 678 removes the maximum disposition caps of the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conservation Fund. The measure further allocates ten percent of the conveyance tax for homeless services and supportive housing and creates the Homeless Services Fund.

Hawaii already has one of the worst conveyance taxes in the country. The increase to conveyance tax would disincentivize property owners to sell since their transaction costs would be much higher. In turn, many will instead opt to maintain their current ownership of the property ultimately resulting in less property transactions. A reduction in transactions will result in: 1) fewer transactions triggering payment of conveyance tax; and 2) a meaningful reduction in economic activity as the acquisition of large properties typically comes with additional investment to redevelop and increase value of the asset; 3) decreased GET revenues and jobs. Consequently, property values would decline proportionately to account for the increased transaction costs leading to lower real property tax receipts for the counties.

Senator Joy Buenaventura, Chair
Senator Henry Aquino, Vice Chair
Members of the Senate Committee Health
And Human Services
February 6, 2023
Page 2

Moreover, the acquisition of new commercial property comes with additional investment to redevelop and increase value of the asset. The increase of conveyance tax would result in less capital to invest into the property, and thus, would make the transaction economically infeasible. This would lead to less property transactions and reduce the amount of times conveyance tax is collected. As a result, property values would significantly decline in order to account for the increased costs.

NAIOP Hawaii is concerned that this increase in conveyance taxes which reduces 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 678 be deferred.

Mahalo for your consideration,

Jennifer Camp, President
NAIOP Hawaii

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Tax Hike, Exemption for Property with Price Cap, Change Earmarks

BILL NUMBER: SB 678

INTRODUCED BY: SAN BUENAVENTURA, CHANG, MCKELVEY

EXECUTIVE SUMMARY: Increases the conveyance tax rates. Exempt the conveyance tax on property with a restriction on increasing the rental price or resale price above any increase in the consumer price index for at least thirty years. Removes the maximum disposition caps of the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conservation Fund. Allocates ten per cent of the conveyance tax for homeless services and supportive housing. Creates the Homeless Services Fund.

SYNOPSIS: Adds a new section to chapter 346, HRS, to create the Homeless Services Fund. Moneys in the fund are to be expended for homeless services and supportive housing, including homeless facilities programs for the homeless authorized by the Department of Human Services.

Amends section 247-2, HRS, to increase the rate of conveyance tax as follows for a condominium or single-family residence for which the purchaser is ineligible for a county homeowner's exemption on real property tax:

Minimum Property Value	Current Tax (per \$100 of consideration)	New Tax (per \$100 of consideration)
\$0	\$ 0.15	\$ 0.55
\$600,000	0.25	0.55
\$1,000,000	0.40	0.55
\$2,000,000	0.60	2.00
\$4,000,000	0.85	4.00
\$6,000,000	1.10	5.00
\$10,000,000	1.25	6.00

For all other properties:

Minimum Property Value	Current Tax (per \$100 of consideration)	New Tax (per \$100 of consideration)
\$0	\$ 0.10	\$ 0.50
\$600,000	0.20	0.50
\$1,000,000	0.30	0.50
\$2,000,000	0.50	2.00
\$4,000,000	0.70	4.00
\$6,000,000	0.90	5.00
\$10,000,000	1.00	6.00

Amends section 247-3, HRS, to add a new exemption for any document or instrument conveying real property that has a land use regulatory agreement or restrictive covenant that restricts the rental price or resale price from increasing above any increase in the consumer price index for a minimum of thirty years beyond the conveyance date.

Amends section 247-7, HRS, to delete the dollar cap on the earmark for the land conservation fund and the earmark for the rental housing revolving fund, and to add a 10% earmark for the homeless services fund established by this bill.

EFFECTIVE DATE: July 1, 2023.

STAFF COMMENTS:

Conveyance Tax Hike

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.

This bill proposes to raise conveyance tax rates yet again, and in dramatic fashion.

There are two points lawmakers may wish to consider. First, the proposed new brackets have discontinuities at the bracket break points, which means that if taxable income increases by \$1 at a break point, such as from \$9,999,900 to \$10,000,000, the increase in tax will be substantially more than \$100. In this example the tax would go from \$499,995 to \$600,000. Substantial discontinuities such as these may motivate behavior for taxpayers near a break point. This behavior might not be desirable from an economic standpoint. Consideration should be given to making the conveyance tax brackets more like the existing income tax brackets which do not have this problem.

Second, it should be kept in mind that a large dollar value transaction doesn't necessarily mean that a filthy rich person ripe for the fleecing is on one or the other end. A multi-unit condominium housing development, for example, easily could sell for an eight-digit number.

Third, a tax increase of any magnitude in Hawaii's fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. As costs and overhead increase, employers must find ways to stay in business by either increasing prices to their customers or cut back on

costs. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or even laying off workers. A tax increase of any magnitude would send many companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

Tax Earmarks

Until 2005, 50% of the receipts went into the general fund and the other half was split with the affordable rental housing program and the natural area reserve program. Beginning in 2005, another 10% was taken for the land conservation fund.

Act 84, SLH 2015, imposed a \$6.8 million cap on the earmark. In 2015, the Conference Committee explained the rationale for the cap on the earmark as follows:

Your Committee on Conference finds that budgetary planning and transparency are key components to ensuring the ongoing fiscal health of the State. Your Committee on Conference believes that, by establishing maximum amounts to be distributed to various non-general funds from the conveyance tax, this measure will make forecasts of general fund revenues more reliable, will increase legislative oversight of agencies and programs supported by the non-general funds, and will subject those agencies and programs to competition for limited public funds if the agencies or programs want more than the amount automatically distributed to their non-general funds.

Conf. Comm. Rep. No. 156 (2015).

The cap on the earmark to the land conservation fund was reduced to \$5.1 million in the budget bill of 2020, Act 9, SLH 2020.

All of the earmark caps are proposed to be eliminated by this bill.

Raising or removing the cap on the earmarked revenues should be done only with great caution. As with any earmarking of revenues, the legislature will be preapproving each of the programs fed by the fund into which the tax monies are diverted, expenses from the funds largely avoid legislative scrutiny, and the effectiveness of the programs funded becomes harder to ascertain. It is also difficult to determine whether the fund has too little or too much revenue.

If the legislature deems the programs and purposes funded by this fund to be a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. If the money were appropriated, lawmakers could then evaluate the real or actual needs of each program.

Digested: 2/5/2023



February 7, 2023
2:15 p.m.
Conference Room 225
Via Videoconference

To: Senate Committee on Health and Human Services

Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair

Senate Committee on Housing
Senator Stanley Chang, Chair
Senator Dru Mamo Kanuha, Vice Chair

From: Grassroot Institute of Hawaii

Joe Kent, Executive Vice President

RE: SB678 — RELATING TO THE CONVEYANCE TAX

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on [SB678](#), which would significantly increase the conveyance tax rate.

Under this bill, properties with a value of less than \$2 million dollars would be subject to a conveyance tax of 55 cents per \$100, up from a range of 15 to 40 cents under current law.

The conveyance tax on properties valued at \$2 to \$4 million would go from 60 cents to \$2 per \$100.

On properties valued from \$4 to \$6 million, the tax would go from 85 cents to \$4 per \$100; on properties from \$6 to \$10 million, the tax would go from \$1.10 to \$5 per \$100; and on properties of \$10 million or more, the tax would go from its current rate of \$1.25 to a rate of \$6 per \$100.

One premise of this bill is that the majority of homes sold for \$2 million or more are bought by non-residents as investment properties and that a tax increase on these buyers would not affect overall affordability of homes.

Yet, this bill would increase the conveyance tax for all homes, nearly doubling the current tax rate on homes in the \$1 million range, which is merely an average home in Hawaii. Thus, the tax hike will certainly affect all home prices, including more affordable homes and homes sold to Hawaii residents.

In general, tax increases are not a good idea for Hawaii's economy, especially not now when it already has one of the highest tax burdens in the nation.¹ Hawaii's population has been suffering a net decline for each of the past six years, with the state's high cost of living and lack of employment opportunities being among the most cited reasons.²

Other issues to consider as you deliberate on this measure include the fact that:

>> Hawaii is predicted to enter an economic slowdown later this year.³ Tax hikes might only exacerbate this slowdown, since entrepreneurs will be less likely to want to invest their capital — or “wealth assets,” as the case may be.⁴

>> Hawaii has a progressive income tax that taxes high-income earners at 11%, second only to California at 13.3%.⁵ Hawaii's top 1% already pays 24.9% of all income taxes in the state.⁶

>> Hawaii's continuing population decline leaves remaining residents with a higher tax burden. Many residents leaving Hawaii move to states without income taxes. Washington, Nevada, Texas and Florida — four of the top five destinations for Hawaii residents moving to the mainland — do not have income taxes.⁷

¹ Jared Walczak and Erica York, “[State and Local Tax Burdens, Calendar Year 2022](#),” Tax Foundation, April 7, 2022.

² Maria Wood, “[Where People from Hawaii Are Moving to the Most](#),” 24/7 Wall Street, Jan. 23, 2022.

³ Annalisa Burgos, “[Experts: Hawaii's economy poised to slow down 'significantly,' but stop short of recession](#),” Hawaii News Now, Jan. 22, 2023.

⁴ Aaron Hedlund, “[How Do Taxes Affect Entrepreneurship, Innovation, and Productivity?](#)” Center for Growth and Opportunity at Utah State University, Dec. 23, 2019; Ergete Ferede, “[The Effects on Entrepreneurship of Increasing Provincial Top Personal Income Tax Rates in Canada](#),” Fraser Institute, July 10, 2018; Robert Carroll, Douglas Holtz-Eakin, Mark Rider and Harvey S. Rosen, “[Personal Income Taxes and the Growth of Small Firms](#),” National Bureau of Economic Research, October 2000.

⁵ Timothy Vermeer and Katherine Loughhead, “[State Individual Income Tax Rates and Brackets for 2022](#),” Tax Foundation, Feb. 15, 2022.

⁶ “[Hawaii Individual Income Tax Statistics](#),” Hawaii Department of Taxation report for Tax Year 2020, Sept. 29, 2022, Table 13A.

⁷ Katherine Loughhead, “[How Do Taxes Affect Interstate Migration?](#)” Tax Foundation, Oct. 11, 2022.

>> State lawmakers increased taxes and fees substantially following the Great Recession of 2007-2008,⁸ despite a windfall in revenues from an economic boom over the past decade. Taxes and fees ballooned on motor vehicles, transient accommodations, estates, fuel, food, wealthy incomes, property, parking and businesses.

Hawaii's residents and businesses need a break from new taxes, fees, surcharges and tax hikes. This is not the time to make Hawaii a more expensive place to live and do business.

Thank you for the opportunity to submit our comments.

Sincerely,

Joe Kent
Executive Vice President,
Grassroot Institute of Hawaii

⁸ ["Tax Acts \(by Year\),"](#) Tax Foundation of Hawaii, accessed Jan. 30, 2023.



LATE

Testimony to the Senate Committee on Health and Human Services and Committee on Housing
Tuesday, February 7, 2023, 2:15 pm
Conference Room 225 & Videoconference

Re: SB 678, Relating to the Conveyance Tax

Dear Chair San Buenaventura, Chair Chang, Vice Chair Aquino, Vice Chair Kanuha, and members of the Committee on Health and Human Services and Committee on Housing,

Family Promise of Hawai'i is a nonprofit working to prevent and end homelessness for families with children. We see every day the need for additional funding for homeless services, which is why we **support the intent** of SB 678, particularly the creation of the Homeless Services Fund.

A permanent source of funding for homeless services would benefit Hawai'i's children, families, and community at large. An estimated 1 in 30 young children in Hawai'i experience homelessness annually, according to the latest federal estimate¹. Children under age 1 in the US are more likely to experience homelessness than people of any other age². In just the state's public schools alone, the Hawai'i Department of Education counted 3,254 students who experienced homelessness in the 2021-22 school year³.

SB 678 creates a state Homeless Services Fund, which the Hawai'i Housing Affordability Coalition (HiHAC) estimates would receive up to \$40 million annually. This level of funding would be transformative for children and families experiencing homelessness. Organizations like Family Promise of Hawai'i could expand critical services to help many more households quickly return to stable housing.

Thank you for the opportunity to submit this written testimony.

Mahalo,

A handwritten signature in blue ink that reads "Ryan Catalani".

Ryan Catalani
Executive Director

¹ Early Childhood Homelessness State Profiles: <https://www2.ed.gov/rschstat/eval/disadv/homeless/early-childhood-homelessness-state-profiles-2021.pdf>

² Research on Early Childhood Homelessness: <https://aspe.hhs.gov/reports/research-early-childhood-homelessness>

³ Statewide Office on Homelessness and Housing Solutions: <https://homelessness.hawaii.gov/data/>

SB-678

Submitted on: 2/4/2023 5:35:12 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Banner Fanene	Individual	Support	In Person

Comments:

Aloha -

I support Senate Bill 678.

I am hopeful that the proposed 10% of Conveyance to fund Homeless Services and removal of Caps on any such funding will become law.

I am a Veteran of the United States Navy.

I am a former Homeless person in the State of Hawaii.

I look forward to testifying in person in more detail at Public Hearing scheduled for Tuesday 2.7.23 1415hrs.

Mahalo,

Banner S Fanene

SB-678

Submitted on: 2/5/2023 4:13:49 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Flora Patton	Individual	Support	In Person

Comments:

Aloha Good Afternoon,

My name is Flora Patton, I'm from Waipahu Aloha Clubhouse. Im part of Hawaii Clubhouse Advocacy Coalition I'm fully support SB678. I believe that its only fair for anyone who makes alot of profit from our resources should contribute their fair share of taxes. This bill will created a homeless services fund which include low income and affordable housing,

At the Clubhouse, we are all low income will benefit from affordable housing. Our housing option are so limited. having fund for housing is necessary as could help us get services.

thank you for your time,

Flora Patton

SB-678

Submitted on: 2/5/2023 7:43:45 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Summer Yadao	Individual	Support	In Person

Comments:

Aloha Senators, mahalo for taking time to hear this bill. Our houseless situation is a human rights crisis, that only us as humans can correct. We created this issue by putting money, profits and greed above human decency, and most heart breakingly above the ways of these islands. I would not have been able to share my thoughts today, if it wasn't for Kanaka Maoli that have taken care of me throughout my life. Those selling properties of \$2 million dollars or more should be taxed off the millions of dollars profit they make, which were acquired on the backs of Kanaka who cared for this 'āina that we all enjoy. Just by owning a property for years, they walk away smiling, while the people living on these islands struggle to feed and care for their 'ohana. Increasing the amount of affordable housing by having this sustainable, consistent, and permanent funding for true affordable housing in Hawai'i, is detrimental to every person living on these islands. If it wasn't for the Aloha the Hawaiian culture is founded on, if it wasn't for the enate beauty of these islands, that kama'āina care for, these properties would not be able to continue making money on these investment properties, they have no real heart and attachment to. It isn't fair that these property owners of multiple homes are profiting off the Hawai'i that my family, my friends, and my community built, while many loved ones of mine and I have had to be houseless for decades. The surplus will be spent quickly, realtors will always be able to make money off our beautiful Hawai'i. When are we going to move and act with morals, values and reverance for our fellow human beings on our island home. It must be now, it has to be this session, SB678 must be passed now.

LATE

SB-678

Submitted on: 2/6/2023 6:15:28 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Micah Hicks	Individual	Support	In Person

Comments:

While we are all giddy at the large surplus left us by Federal COVID recovery programs, that largesse is a one time event. Long after the funds from the American Rescue Plan are spent, Hawaii's problems will continue to gnaw away at the lives of local families: a rising tide of housing costs eroding away at local culture by displacing residents just as the rising seas are chipping away at our shorelines.

This bill wouldn't answer all our problems. But it would give us a tool for addressing them: money. And it takes it from a place that is least likely to impact local families. The rate increase will hit almost exclusively people buying vacation and second homes who have wealth far in excess of the average local. Many of these homes are increasing in value, doubling or even tripling in value over the decade, not because of these kolea birds contributions to Hawaii. But because of the everyday work of local families who's good character, work ethic, and disposition make Hawaii the desireable place to live that it is.

I do not begrudge the millionaires their mansions, but I do think we should recognize that someone who buys a \$6 million dollar beach front home and then does nothing except visit it a few weeks in December has not earned any massive return on their investment. They have not created a new company or brought new employment. Yet luxury real estate in Hawaii is even so a good investment.

Take as an example, 4679 B KAHALA AVE. That property last sold in 1997 for \$2 million dollars. It is now for sale for \$23 million dollars, a 1000% return. That is about double the return on the S&P500 Stock Index.

Yet this home hasn't even done what a home is nominally intended to do, that is it has never been a home. It has just been a place visited. That it's value has increased is in no small part because of what local residents have done to keep Hawaii a pleasant place to live. It can hardly be called egregious to ask someone who has done nothing, yet for that nothing will be getting millions, to redirect a few pennies on the dollar toward the public good that has a larger role to play in the profitability of his investment than he had!

LATE

SB-678

Submitted on: 2/6/2023 3:40:16 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Susan Au Doyle	Individual	Support	In Person

Comments:

Testimony of Susan Au Doyle

SUPPORTING SB678— Relating to the Conveyance Tax

Conference Room 225 & Videoconference

Tuesday Feb 7th, 2023 at 2:15PM

Aloha Chair San Buenaventura, Chair Chang and members of the Senate committees on Health and Human Services and Housing,

I am testifying as a private citizen in strong support of SB678. I come from a nonprofit, government, and community service background, and currently serve on the board of the 501(c)(3) arm of Partners in Care, the homeless services alliance.

In 2005, the Aloha United Way published its first in a series of Quality of Life in Hawaii reports in collaboration with the University of Hawaii Center on the Family. Because of the dire statistics, we chose to focus that first year's report and call to action on the issue of homelessness.

Yet, here we are, nearly 20 years later, facing a severe shortage of affordable housing and a crisis in homelessness. It is long past time for us as a community—individuals and organizations in all sectors—to come together and figure out how we can address these long-standing issues.

Others will testify as to the strategies suggested in this bill. Bold action is indeed needed. I would ask you to allow serious discussion to continue by passing SB678 out of your committees.

Thank you for the opportunity to testify.

SB-678

Submitted on: 2/6/2023 8:32:38 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Michelle Molina	Individual	Support	Remotely Via Zoom

Comments:

Aloha,

My name is Michelle Molina and I am testifying in support of SB678, Relating to the Conveyance Tax.

I'm a resident of Kauai, and teacher at a public high school. I was born and raised on Kauai, and since my childhood I have seen the cost of housing soar well beyond the ability of the average Kauai resident to be able to afford. I have also seen a visible increase in homelessness since my childhood, and strain on the insufficient services offered to the houseless population.

Building enough affordable housing to meet the need is challenging but impossible without proper funding. This bill would dramatically increase the state's funds for affordable housing and homelessness programs.

I like SB 678 because it places the majority of the tax burden on those with multi-million dollar homes, that mostly sit vacant. These homeowners can afford a higher tax rate when selling their homes. Though it slightly increases the tax rate for all homeowners who sell, I believe those of us who do own homes in Hawaii, like myself, are fortunate enough and have enough generosity of spirit to pay a tiny increase in conveyance tax, knowing it is going to help housing our neighbors. Hawaii, and especially Kauai, has always been a place where we take care of one another.

Although relators might not like this bill, I would like to ask you as our elected representatives to do what is best for the majority of citizens, and I believe this bill would benefit the majority of citizens in Hawaii.

Mahalo

TESTIMONY OF ELLEN GODBEY CARSON IN SUPPORT OF SB 678

I write in strong support of SB 678, with a request for amendments for properties under \$2 million value.

While I write as an individual, I have served as president of the Hawaii State Bar Association, the Institute for Human Services (IHS) and Hale Kipa Youth Services.

This state is in desperate need for a reliable source of substantial revenues to address our affordable housing and homeless services needs. The undependable funding for these needs increases our challenges of planning and developing longer range solutions.

I definitely support increasing our conveyance taxes for properties above \$2 million, as those are the owners most able to pay greater taxes, and where we should be trying to dampen the speculative buying that spirals our property values higher and higher. I could even see the reasonableness of a modest raise in the conveyance taxes for properties above our median sales price (roughly \$1 million for single-family, \$500,000 for condos). However, this bill proposes a 500% increase on all properties in the lowest tiers of value (under \$2 million). Those are the only properties with any hope of being affordable to most of our families. That doesn't make sense to me. It increases the cost of housing to those whom we are trying to help. **I therefore request an amendment to delete the substantial increase in conveyance taxes for properties valued under \$2,000,000.**

I also strongly support removing the maximum disposition caps of the conveyance tax allocated to the Rental Housing Revolving Fund and Legacy Land Use Conservation Fund, and the allocation of ten per cent of the conveyance tax for homeless services and supportive housing. Creating and funding the Homeless Services Fund can help address our dire needs for serving those who are homeless.

Thank you for your consideration of my testimony and helping protect the welfare of our residents.

Ellen Godbey Carson
Honolulu, Hawaii

SB-678

Submitted on: 2/4/2023 11:11:51 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kenna StormoGipson	Individual	Support	Written Testimony Only

Comments:

Aloha Hawai'i legislature,

Hawaii should update the tax on home sales so that people who do not have affordable housing or any shelter at all can access housing that is safe and affordable.

Mahalo for your consideration,

Kenna

SB-678

Submitted on: 2/5/2023 9:44:05 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Regina Gregory	Individual	Support	Written Testimony Only

Comments:

This is a great idea.

SB-678

Submitted on: 2/5/2023 12:38:56 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Nikos Leverenz	Individual	Support	Written Testimony Only

Comments:

I write in strong support of this bill, which creates a significant increase in funding for affordable housing, homeless services and land conservation.

SB678 is well-targeted at high-end property owners and buyers, putting the vast majority of the new tax burden from this proposal on the wealthy and, often, on nonresidents.

The enhanced revenue from this proposal would be directly funneled into affordable housing, land conservation and houseless services—three areas adversely impacted by the current real estate market where prices are out of reach for local residents.

Mahalo for the opportunity to provide testimony.

SB-678

Submitted on: 2/5/2023 1:13:02 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Ellen-Rae Cachola	Individual	Support	Written Testimony Only

Comments:

Dear Joint Senate Committee on Health & Human Services and Housing,

Please support SB678. Currently, the majority of real estate being sold over \$2 million is being purchased for investment. At prices over \$4 million, we see almost exclusively investors who do not claim the home as a primary residence. These second home owners are enjoying a very low conveyance tax rate as compared to other places with high living costs.

For example, someone selling a \$2 million home in Hawai'i will pay \$8,000 in taxes compared to \$65,000 in Seattle or \$36,500 in New York City. As a result, the investors who sell are earning significant profits, while many Hawai'i residents cannot afford a first home and thousands are living unsheltered.

SB678 is well-targeted at these high-end property owners and buyers, putting the vast majority of the new tax burden from this proposal on the wealthy and, often, on nonresidents. And the enhanced revenue from this proposal would be directly funneled into affordable housing, land conservation and houseless services—three areas adversely impacted by the current real estate market where prices are out of reach for local residents.

Altogether, SB678 is an innovative proposal addressing the urgent needs of our local community members and based on contributions from those who can afford to help our local economy. Please help us pass this bill!

SB-678

Submitted on: 2/5/2023 1:17:30 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

The high cost of housing is fueling the homelessness crisis and forcing local families to move out of the state. We should use policy tools like the state tax system to shape the housing market in a way that benefits local families, not out-of-state investors.

Progressively increasing the conveyance tax rate so that it captures more revenue from the wealthy nonresidents—who almost exclusively make up the demographic that purchases multi-million dollar properties in Hawai‘i—will help stabilize the local housing market, keeping prices from spiraling out of control.

The fact that the revenue collected from the state conveyance tax already goes to the affordable housing fund (50%) and land conservation fund (10%) means that this tax has the potential to do a great amount of good toward preserving Hawai‘i as a place that future generations of locals can continue to call home. However, the arbitrary caps currently imposed on the amounts these funds can receive limit their effectiveness. SB678 lifts these caps, delivering the full amounts to which these funds are entitled in order to build more homes and preserve Hawai‘i's environment.

Because the most severe outcome of the housing shortage is homelessness, it is more than appropriate for a third fund to be established, and another 10% of the conveyance tax to be distributed to homeless service providers to assist with the important work of triaging this costly—both financially and in human terms—outcome.

The changes in SB678 will deliver tens of millions of dollars in new resources directly to the places we need money most, and it will do it with minimum impact on local residents, with the bulk of the new cost falling on wealthy nonresidents. This has the added bonus of cooling off the existing housing market and discouraging real estate speculation.

This is an innovative strategy to help solve our most pressing issue, and I urge the committees to move it forward. Mahalo!

SB-678

Submitted on: 2/5/2023 1:53:23 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Beryl Blaich	Individual	Support	Written Testimony Only

Comments:

Aloha Senators,

I have read SB678 and strongly agree that the real estate conveyance tax is an appropriate revenue to help address Hawai'i's critical needs to develop more affordable housing, permanently set aside our valuable heritage lands in the public interest and provide more services for homeless families and individuals. It has long seemed to me that whether or not the conveyance tax is increased, especially on high end sales, a straight ten percent should be placed in the land conservation fund and a straight fifty percent into the rental housing revolving loan fund.

With appreciation for your hard work and service,

Beryl Blaich,

PO Box 1434, Kīlauea, HI 96754

808-346-9589

SB-678

Submitted on: 2/5/2023 4:07:34 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kaia Medeiros	Individual	Support	Written Testimony Only

Comments:

We need to end homelessness now! This has been a multi generational issue and this is one small step towards addressing this problem.

SB-678

Submitted on: 2/5/2023 2:46:00 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Derwin Teranishi	Individual	Support	Written Testimony Only

Comments:

Aloha,

My name is Derwin Teranishi, member of Waipahu Aloha Clubhouse and the Clubhouse Advocacy Coalition. I am in support for SB678. By having those that are fortunate with an increase in their property values, it is only fair that an appropriate conveyance tax is in this situation, for those to contribute more than they are currently. There is a huge lack of housing and resources for those that are unfortunate, no matter how they got there. There should be services and housing for those in this population targeted, especially when there is a increasing concern in both the community and our systemic situation with jails, mental health facilities(programs, crisis shelters, etc.), and our medical services/cost.

There is also another issue that is increasing in concern, as homelessness affects those in the community(residents/business) and their families. This is not practical for a safe and appropriate environments for visitors and islanders to enjoy for life or a period of time, which is also costly.

Thank you,

Derwin Teranishi

SB-678

Submitted on: 2/5/2023 6:07:30 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Zorn Lawson	Individual	Support	Written Testimony Only

Comments:

I support SB678. The state of Hawaii needs to support more affordable housing and houselessness services.

SB-678

Submitted on: 2/5/2023 7:21:04 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Evelyn Aczon Hao	Individual	Support	Written Testimony Only

Comments:

I support SB678. Many homes/properties over \$2 million being bought and sold in Hawaii are investment properties. A large number of house sellers and buyers are investors who do not live at that property; or ,at most, it is not a primary residence.

These Hawaii second home owners are enjoying extremely low conveyance taxes as compared to other places with similar high living costs. In Seattle, for example, a \$2 million home would have a conveyance tax eight times more than a comparable home sale in Hawaii.

The result is significant profits for the seller but meager taxes which could significantly help with Hawaii residents' needs.

SB678 addresses this issue. The added revenues from this proposal can be used for truly affordable housing for Hawaii residents who cannot own a home, for those who cannot afford to rent thus go homeless, and for services to help other human needs.

Please help us pass this bill! Our Hawaii residents need it desperately!

Aloha, Evelyn Hao

SB-678

Submitted on: 2/5/2023 8:57:13 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
John Kawamoto	Individual	Support	Written Testimony Only

Comments:

I support SB 678 because it discourages investors from buying homes in Hawaii, making more homes available to residents. Hawaii is facing a housing crisis because not enough homes are available at prices that people can afford. This bill helps to alleviate the housing crisis. The tax revenue is allocated to worthy causes, specifically homeless services, the development of affordable housing, and land conservation. The only way this bill can be improved is to increase the tax rates.

SB-678

Submitted on: 2/5/2023 11:59:27 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Mehana Vaughan	Individual	Support	Written Testimony Only

Comments:

Aloha mai kākou,

Mahalo for considering Senate Bill 678. Raising the available public funding for the Hawai'i State Legacy Lands Conservation program is vital. Each year the commission receives many more worthy applications than they have funding for. Each application represents decades of community effort along with work by state agencies and land conservation non profits. The Legacy Lands fund represents the only source of public funding for many of these collaborative conservation efforts. The places protected by this funding reach from Hawai'i to Kaua'i island, including entire watersheds and large parcels, as well as small spaces which are kīpuka of community food systems, 'āina based education and well being. As land gets ever more expensive in Hawai'i, these lands protected for community use and managed public access become the only way for many 'ohana to continue to connect to place across generations.

Mahalo a nui loa for your support for increased funding to the State Legacy Lands Conservation Program.

Sincerely Dr. Mehana Blaich Vaughan

Kilauea, Kaua'i

SB-678

Submitted on: 2/6/2023 10:18:37 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Shannon Rudolph	Individual	Support	Written Testimony Only

Comments:

Support

Keith Yabusaki
216 Iliwai Drive
Wahiawa HI 96786



Testimony Supporting SB678 – Relating to the Conveyance Tax
Joint Senate Committee on Health & Human Services and Housing
Conference Room 225 & Videoconference
Tuesday, February 7, 2023 at 2:15 p.m.

Aloha Chair San Buenaventura, Chair Chang and members of the Joint Senate Committee on Health & Human Services and Housing,

I am offering testimony in strong support of SB678. SB678 offers long overdue updates to the conveyance tax. The present conveyance tax has maintained the same low rates that range from 0.1% - 1% over 15 years. The housing dilemma continues to grow as does the houseless crisis. Conveyance tax rates in comparable high-cost cities such as San Francisco and New York already updated their rates ranging from 1.4% - 7.1% dependent on home value to help alleviate while contributing to the lack of affordable housing.

SB678 creates an innovative new permanent increased stream of funds for affordable housing and homeless services. It also at the same time increases available funding for land conservation.

We support and understand that SB678 will increase available revenue for homeless services, affordable housing, and land conservation:

- 1) Creates for homeless services a new allocation of 10% of the tax;
Result: Increase revenue from \$0 to \$30-\$40M.
- 2) Updates the conveyance tax to a rate of 0.5% (one half of one percent) for homes selling below \$2M. This rate is below average and just a small portion of the sellers' closing costs. Homes selling for above \$2M are increased to 2%-6% depending on the value of the home with the top rate of 6% for homes selling above \$10M dollars;

Result: Based on the last five years collections, estimated revenue likely to increase by \$300-\$400M dependent on the real estate market.

- 3) Removes the caps on allocations of the conveyance tax.
Removes the cap of \$38M for affordable housing. Replaced by 50% of revenues for affordable housing. Result: Estimated increase in the Rental Housing Revolving Fund from \$38M to \$150M.

Removes the \$5.1M cap on land conservation. Restores allocation of 10%.

Result: Estimated increase in the Land Conservation fund from \$5.1M to \$30-\$40M.

We strongly urge that the wisdom of the legislature guides you to pass SB678 to address the lack of affordable housing in the current housing market, provide additional funds for homeless services for this growing population, while taking measures to provide protecting our valuable natural resources.

Mahalo for this opportunity to provide testimony.

LATE

SB-678

Submitted on: 2/6/2023 4:11:06 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
pat matsueda	Individual	Support	Written Testimony Only

Comments:

Respectfully request that this bill be passed so that houseless individuals, teens, young children, families, veterans, and others may receive services and shelter according to their needs. There is no doubt that the houseless are in need of shelter, security, medical care, and all the other things that enable Hawaii's citizens to lead lives of dignity and to contribute to society.

LATE

SB-678

Submitted on: 2/6/2023 2:46:43 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Robert K. Merce	Individual	Support	Written Testimony Only

Comments:

Aloha Senators,

My name is Bob Merce and I strongly support SB 678 as a means of raising badly needed funds to provide housing for Hawaii's houseless community.

Thank you,

Bob Merce

LATE

SB-678

Submitted on: 2/6/2023 3:23:05 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Zack Stoddard	Individual	Support	Written Testimony Only

Comments:

This bill will largely affect real estate investment sales. Being well targeted at high-end investors, it is effectively a progressive tax that will benefit those who need it most. Thank you!

SB-678

Submitted on: 2/6/2023 2:04:28 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Galen Fox	Individual	Support	Written Testimony Only

Comments:

Our housing crisis draws from a market skewed toward wealthy homes, while ignoring the Asset Limited, Income Constrained, Employed or ALICE population, which lives one or two paychecks from homelessness. They and the homeless need homes the market doesn't provide. So collecting one-time taxes on sales of homes selling for over \$2 million, and committing the funds to housing our neediest, makes sense. But to make the program work, we also have to remove the \$38 million cap on fund use for housing needs. Please pass SB 678.

Senate Committee on Health and Human Services
Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair

Senate Committee on Housing
Senator Stanley Chang, Chair
Senator Dru Mamo Kanuha, Vice Chair

Tuesday, February 7, 2023, 2:15 PM, Conference Room 225 & Videoconference

RE: SB 678 – RELATING TO THE CONVEYANCE TAX

Position: IN SUPPORT

Dear Chairs San Buenaventura and Chang, Vice Chairs Aquino and Kanuha, and the Members of the Senate committees on Health and Human Services and Housing,

My name is Chevelle Davis, and I am testifying in **STRONG SUPPORT** of **SB 678**, which seeks to increase our conveyance tax to increase and sustain revenue for affordable housing, land conservation, and homeless services. Given our dire housing crisis, I support efforts to address the various strains on our resident communities who continue to struggle to remain connected to this ‘aina and provide for themselves and their families. We need bold action to address our housing crisis, including permanent, new funding sources for affordable housing and homeless services.

As a kanaka ‘oiwi, I am heartbroken that many Native Hawaiians must struggle to remain connected to our ancestral homelands. According to the US American Community Survey, 309,800 Native Hawaiians live in Hawai‘i, and 370,000 live in other states; 54% of us have been forcibly removed from our ‘aina, which further fractures our families and communities. Three of my siblings have moved to the continent so they can live independently, two remain with our parents, and I, a fifth-year Ph.D. student, pay 56% of my monthly income from my full-time job to rent an “affordable” unit. It is important to note that this percentage does not include the cost of utilities, food, and other life necessities, all of which have been impacted by inflation since we rely so heavily on food and resources being imported.

I urge this committee and the legislature to take bold action and put our residents first. We need sustainable and practical ways to boost spending for everyone in need of housing, and SB 678 is the bill for 2023 with the most significant impact. Increasing the conveyance tax would provide \$30-\$40 million for homeless services and over \$150 million for affordable housing across the State. I implore this committee to pass SB 678 and do what our residents elected you to do – prioritize us.

Mahalo piha,



Chevelle M. A. Davis, MPH

COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy San Buenaventura, Chair

Senator Henry Aquino, Vice Chair

COMMITTEE ON HOUSING

Senator Stanley Chang, Chair

Senator Dru Mamo Kanuha, Vice Chair

Tuesday, February 7, 2023

Support for S.B. 678, RELATING TO THE CONVEYANCE TAX.

Dear Chairs and Committee members, I write to you today **in support of S.B. 678.**

My name is Olivia Cornejo and I am a Masters of Social Work candidate at the University of Hawai'i at Mānoa specializing in Health. Over the last six months, I have had the privilege of serving and learning from some of our houseless community in Honolulu as a volunteer at the Wallyhouse food pantry. Through my education and my volunteer work, I have seen the great importance and need for homeless services and affordable housing in Hawai'i.

According to the 2022 PIT Count Report, on the night of March 9, 2022 there were **3,951 people experiencing homelessness** in O'ahu, **60% of whom were unsheltered**, demonstrating the continuing need for additional homeless services (Partners In Care & O'ahu Continuum of Care). I strongly support the increase of the conveyance tax rates and the creation of the Homeless Services Fund which would provide much needed funding and assistance to people experiencing houseless in Hawai'i.

Additionally, as a young person living in Hawai'i, I am in strong support of continuing efforts to increase affordable housing so that I, and other young adults, can continue to live and work in our communities and not be forced out of the state by the high cost of housing and living.

I strongly urge the committee to pass S.B. 678 so we can take further action in addressing our housing crisis and provide further services to those experiencing houselessness. Thank you for this opportunity to testify.

Sincerely,

Olivia Cornejo

Testimony SUPPORTING SB678– Relating to the Conveyance Tax
Conference Room 225 & Videoconference
Tuesday Feb 7th, 2023 at 2:15PM

Aloha Chair San Buenaventura, Chair Chang and members of the Senate committees on Health and Human Services and Housing,

Thank you for this opportunity to provide testimony in support of SB678, which will update conveyance tax rates. I am one of those lucky people who has owned a home in Hawaii for more than 30 years and has watched it increase in value to an extent I would never have dreamed possible. And even though I understand that increasing the conveyance tax rate will ultimately mean an increased cost to me, I support this bill because it will significantly increase funding available for affordable housing and services to the houseless.

It seems especially significant to me that the tax rate will increase the most for houses selling for more than \$2 million. This is as it should be. Who better to provide help to those most in need? This bill will also remove the cap of \$38 million on allocations of tax funds received. Another plus! And finally, it will allocate funds for services to the houseless – again, much needed.

I understand that elected officials are always leery about increasing tax rates, but I truly believe that this action is one of the most important actions you will be able to take as legislators. It will profoundly impact the future of our people. I urge you to vote in support of this bill.

Thank you.

Kathy Jaycox
559 Pauku St
Kailua, HI 96734

SB-678

Submitted on: 2/6/2023 11:46:47 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Lindsay Ann Pacheco	Individual	Support	Written Testimony Only

Comments:

As an individual citizen I support SB678.

SB-678

Submitted on: 2/6/2023 11:10:13 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Arjuna	Individual	Support	Written Testimony Only

Comments:

Hawai'i needs bold action to address the housing crisis and this must include permanent new sources of funding for both affordable housing and homeless services. Increasing the conveyance tax and removing the caps on the RHRF and LUC fund is key to providing needed funds to address our affordable housing crisis. Hawaii has some of the lowest Conveyance Tax rates per cost of housing, and increasing rates in the \$2M+ home price area targets mainly second home and investment buyers--who should be taxed at a higher rate than they are at now.

Please pass SB678

SB-678

Submitted on: 2/6/2023 8:36:59 PM

Testimony for HHS on 2/7/2023 2:15:00 PM



Submitted By	Organization	Testifier Position	Testify
Whitney Herrelson	Individual	Support	Written Testimony Only

Comments:

Aloha,

I support SB678 to increase taxes on homes over 2 million dollars in order to fund affordable housing.

I am a clinician taking care of pregnant mothers and newborns, and far too many of my patients live on the edge of homelessness. Working class families live paycheck to paycheck, and can not afford to take their full maternity or paternity leave for fear of missing rent. Families are fearful of losing their rental homes because they've chosen to have another baby, and landlords might not want more people in the unit. Toxic stress due to the constant fear of homelessness impacts pregnant women's health, as well as the health of their fetus and newborns. Families cannot thrive under these conditions, and Native Hawaiian families are the most impacted.

Affordable housing absolutely **MUST** be funded for the health and wellbeing of Hawaii's citizens.

In addition, taxing homes over 2 million dollars will de incentivise the ever increasing price of housing on Maui.

I fully support this bill.

Whitney Herrelson, BSM, CPM, LM

SB-678

Submitted on: 2/6/2023 9:20:47 PM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Jason Monson	Individual	Support	Written Testimony Only

Comments:



Aloha kākou,

I am writing to testify in strong support of SB678 as I am unable to attend in person or via Zoom. As all Hawai'i residents are well aware, Hawai'i is dealing with a severe housing crisis that is preventing residents from affordable housing and has led to a serious problem with homelessness. This is an issue that affects everyone I know and is a top concern of so many residents who are seeing more and more people move from Hawai'i because housing makes living here unaffordable. SB678 provides much needed help in this area by updating the conveyance tax to provide permanent new sources of funding to address the housing crisis with affordable housing and homeless services.

SB678 significantly increases revenue for affordable housing and homeless services by marginally increasing the conveyance tax rate at the point of sale on houses. For homes selling below \$2M, this rate is a slight increase, while those selling above \$2M and above \$10M see higher increases. This puts the burden on those most able to support the increases and those the least burdened by the increase (particularly those who stand to also see the most significant increases in the value of their homes after the sale).

Another important improvement from SB678 is the removal of the caps on allocations of the conveyance tax. The \$38M cap for affordable housing and the \$5.1M cap on land conservation would be removed as well as creating a new allocation for the tax for homeless services. This would allow the allocations of funding to more closely match the need for permanent funding for these services and allow real progress to be made in these areas.

The estimated changes from SB678 would provide significant increases to address the 4 serious problems we are facing in affordable housing and homelessness, including the Rental Housing Revolving Fund increasing from \$38M to between \$150-200M; Land Conservation increasing from \$5.1M to between \$30-40M; and Homeless Services increasing from \$0 to \$30-40M. This is the bold action we need to address the housing crisis and provide services that our residents need to be able to continue to remain and live and work in Hawai'i.

Mahalo,

Jason McLeod Monson

SB-678

Submitted on: 2/6/2023 11:23:58 PM

Testimony for HHS on 2/7/2023 2:15:00 PM



Submitted By	Organization	Testifier Position	Testify
Lucienne de Naie	Individual	Support	Written Testimony Only

Comments:

Please pass this bill. Our funding streams supporting Conservation, Affordable Housing and Homeless services need to increase also with the soaring property sales market place.

Mahalo

Lucienne de Naie

Huelo, Maui, Hawaii



SB-678

Submitted on: 2/6/2023 11:59:31 PM
Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kai Morrell	Individual	Support	Written Testimony Only

Comments:

Dear Committee Members,

I am testifying in strong support of SB678 which will provide some much needed updates to the conveyance tax, which has maintained the same low rates ranging from 0.1%-1% for over 15 years while at the same time our housing crisis has deepened and thousands of people across the state are unsheltered. High cost cities across the mainland such as Seattle, San Francisco and New York have been increasing their conveyance tax rates in recent years to reflect the fact that people who are benefiting from the surge in home prices can help contribute to those who lack affordable housing or any housing in the current economy. Tax rates in these cities have been updated to a range of 1.4% - 7.1% depending on the home value.

Hawai‘i needs bold action to address the housing crisis and this must include permanent new sources of funding for both affordable housing and homeless services. Updating the Hawai‘i conveyance tax to a range of 0.5% to 6% depending on home value as proposed in SB678 will significantly boost funding for affordable housing, homeless services and land conservation. Based on collections over the past five years the increases in SB678 would likely increase revenue by \$300-\$400M and perhaps more depending on the real estate market.

I support this bill for 3 main reasons:

1. **It is a progressive tax** – it creates revenue by taxing people who have (and are making) large amounts of money already, while supporting those in less economically advantageous positions. This helps to fight inequity. SB678 updates the conveyance tax to a rate of 0.5% (one half of one-percent) for homes selling below \$2M. This rate is below average and a small portion of the sellers’ closing costs. Homes selling for above \$2M are increased to 2%-6% depending on the value of the home with the top rate of 6% for homes selling above \$10M dollars.
2. **It supports affordable housing and land conservation.** As a Hawaii resident who home to have my ‘ohana live on this ‘āina for many generations to come, both affordable house and land conservation are critical issues for me. SB678 emoves the caps on allocations of the conveyance tax. The cap of \$38M for affordable housing is removed and is replaced by 50% of revenues for affordable housing as was originally intended. Similarly the \$5.1M cap on land conservation is removed and an allocation of 10% is

restored. This helps to guarantee that these priorities will have funding now and in the future.

3. **Is supports homeless services** – SB678 Creates a new allocation of 10% of the tax for homeless services.

By enacting the changes listed above SB678 would provide the following increases in funding.

Rental Housing Revolving Fund: From \$38M to \$150-\$200M

Land Conservation: From \$5.1M to \$30-\$40M

Homeless Services: From 0\$ to \$30-\$40M

I urge the legislature to take bold action to address our housing crisis and provide services to those who are left out of the current housing market. Please pass SB678 to provide significant and ongoing resources to our residents that need affordable housing to live and work in Hawai‘i.

Me ke ha’aha’a,

Kai

SB-678

Submitted on: 2/7/2023 12:04:49 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Dane Carlson	Individual	Support	Written Testimony Only

Comments:



Testimony of the Hawai‘i Housing Affordability Coalition

SUPPORTING SB678– Relating to the Conveyance Tax

Aloha Chair San Buenaventura, Chair Chang and members of the Senate committees on Health & Human Services, and Housing,

My name is Dane Carlson and I am writing to you as a concerned citizen and resident of Kaka‘ako in **support of SB678** which will increase the conveyance tax rate and provide a powerful lever to address the ongoing housing affordability crisis in Hawai‘i.

While Hawai‘i has maintained low rates ranging from 0.1%-1% for the past 15+ years, our housing crisis has worsened forcing many of Hawai‘i’s residents to leave our island home and/or remain unsheltered. Whereas other high-cost of living areas—including Seattle, San Francisco, and New York—are increasing their conveyance tax rates (e.g. range of 1.4% - 7.1% depending on the home value) to leverage significant increases in housing prices/sales, and ultimately increase funds for affordable housing.

Similarly, Hawai‘i needs bold action to address the housing crisis by creating new, permanent sources of funding for affordable housing and homeless services.

By updating the Hawai‘i conveyance tax to a range of range of 0.5% to 6 as based on the home value, SB678 would likely increase revenue by \$300-\$400M+ based on collections over the past five years. Collectively, this bill will increase and optimize revenue for affordable housing, land conservation and homeless services by:

1. **Adjusting the conveyance tax.** Conveyance tax would be revised to a rate of 0.5% (one half of one-percent) for homes selling below \$2M. This rate is below average and a small portion of the sellers’ closing costs. Homes selling for above \$2M are increased to 2%-6% depending on the value of the home with the top rate of 6% for homes selling above \$10M dollars.

2. **Revising the caps on allocations of the conveyance tax.** The cap of \$38M for affordable housing is removed and is replaced by 50% of revenues for affordable housing as originally intended. Similarly the \$5.1M cap on land conservation is removed and an allocation of 10% is restored.

3. Creating a new allocation of 10% of the tax for homeless services. Cumulatively, by enacting the changes listed above, SB678 would provide the following increases in funding.

Rental Housing Revolving Fund: From \$38M to **\$150-\$200M**

Land Conservation: From \$5.1M to **\$30-\$40M**

Homeless Services: From 0\$ to **\$30-\$40M**

By supporting SB678, the legislature has an opportunity to convey how serious it is about solving Hawai'i's housing crisis.

Together, we can take the first step to providing a pathway to address our housing affordability crisis for generations to come.

'A'ohe hana nui ke alu 'ia. No task is too big when done together all.

Mahalo for your time and consideration.

Me ka ha'aha'a, [With humility]

Dane C.

SB-678

Submitted on: 2/7/2023 3:05:04 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Nanea Lo	Individual	Support	Written Testimony Only

Comments:

LATE

Hello,

My name is Nanea Lo. I'm born and raised in the Hawaiian Kingdom a Kanaka Maoli.

I'm writing in STRONG SUPPORT of SB678.

SB678 is an innovative strategy to fund critical efforts such as affordable housing, land conservation and homeless services using enhanced revenue from the sale of multi-million dollar real estate. These are properties selling largely to out-of-state investors, not locals.

PEOPLE OVER PROFITS.

Pass SB678!

me ke aloha 'āina,

Nanea Lo, Mō'ili'ili

SB-678

Submitted on: 2/7/2023 6:09:08 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

LATE

Submitted By	Organization	Testifier Position	Testify
Raelyn Reyno Yeomans	Individual	Support	Written Testimony Only

Comments:

Strong Support of SB678.

1911 Kalakaua Avenue, Apt. #305
Honolulu, Hawai'i 96815



Tuesday, February 7, 2023

Joint Senate Committee on Health & Human Services and Housing
Room 225
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

Honorable Committee Chairs and Members:

I would like to convey my support for Senate Bill 678 Relating to the Conveyance Tax. While this bill may not fully fund remediation of the range of negative consequences brought on by development and real estate industries in the State of Hawaii, SB 678 is a certainly a step in the right direction. This reform of the State conveyance tax helps restore fairness in the various housing markets of Hawai'i and advances the spread of a more equitable sharing of social and environmental costs among non-residents and real estate investors. Projected revenues from these minimal tax increases, specifically targeted towards those of the greatest means here in Hawai'i, will help meet important goals of providing local residents with affordable housing, housing the homeless, and conserving natural resources throughout the State.

Today, in Hawaii's booming real estate market, luxury homes purchased for \$2 million or more, often by non-residents and foreigners as investments and not occupied by owners themselves, rake in a handsome profits, while the seller pays a meager 0.05% tax on the sale price. Even at the \$10 million price tag for an ultra-luxury property, a mere 1.00% is collected from the wealthiest of home sellers. Never in recent times have high-end home owners had it so good. Yet these record increases in valuations and profits have come at the expense of our precious biocultural heritage and degrading ecosystem services. From the vantage point of a more accurate and fulsome accounting ledger, real estate developments and housing market activities are, in fact, accompanied by the unintended consequences of myriad negative externalities.

With the State being the proper regulator of such externalities in the public interest, we must broaden our vision of the role of the development company and multi-million dollar homeowner to include more responsible and sustainable strategies. The Legacy Land Use Conservation Fund and Rental Housing Revolving Fund are good starts on this mission, but are artificially capped with nominal funding at best. Moreover, we need to adopt a new, holistic financial statement for the State, one that accounts for the numerous negative, as well as positive externalities wrought by development and real estate market activities. Only with such

an enlightened accounting system and balance sheet can we then see the real deficits, needs, and shortfalls which all stakeholders have a long-term interest in addressing for the environmental, biocultural, social, and economic sustainability of life in these islands.

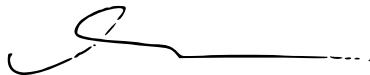
In jurisdictions like those of the United States after World War II, capitalists and the wealthiest of that era raised few objections to paying effective tax rates upwards of 90%. They appreciated a safe, stable, and lucrative market in which to make and securely park their wealth. And so we are asking little of our developers and luxury real estate owners to fund offsets for the unintended consequences of development here at home.

This proposed pigovian tax adjustment of 0.5%-6% on sales of wealth-generating properties needs to help rectify such negative externalities as degradation of biocultural assets, for example, developments encroachment on the *'aina*, with attendant losses, not the least of which are habitat and biodiversity, as well as important ecosystem services. We need further tax revenues to fund management of irreplaceable archaeological and cultural resources such as *iwi kūpuna*.

Additional social disruptions and disservices, namely real estate market valuations at skyrocketing rates that price locals out of the housing market and contribute to growing homelessness are helped by this progressive conveyance tax. Indeed, with these minimal tax increases laid out by SB 678, we can start funding land conservation, homeless services, and affordable housing at levels that, at long last, will bear significant positive impacts. But with mitigation of many other negative impacts left unfunded, a Homeless Services Fund should be an integral means, but not the end for meeting critical needs.

In short, the State must act as guarantor of the balance of externalities and must defend our critical interests held in common. Lawmakers should revisit accounting principles and transpose accounting rules to balance externalities. We will need to depart from existing financial statements to incorporate concepts of negative and positive externalities in order to gauge efforts at furthering the biocultural and social goods by real estate developers and luxury property owners. For now, housing market activities by non-residents, investors, and those who benefit most profitably from Hawaii's *'aina*, Kānaka Maoli host culture, and an enriching and life-giving biocultural environment should bear a greater share of costs to remedy negative impacts of these activities. SB 678 begins to get us there.

Me ka 'oia'i'o,



Shaun Campbell

LATE

SB-678

Submitted on: 2/7/2023 7:33:25 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Johna Manoha	Individual	Support	Written Testimony Only

Comments:

I support this bill! Affordable housing for our residences is a must and needs to be done ASAP. Way too many people, families are houseless due to unaffordable homes.

LATE

SB-678

Submitted on: 2/7/2023 9:16:21 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Matteo Medina	Individual	Support	Written Testimony Only

Comments:

Aloha,

My name is Matteo Medina and I am testifying in support of SB678 and the idea of implementing the conveyance tax.

I am a born and raised resident of Kauai and a student currently attending Waimea High School. As a minor, who is not eligible to pay taxes yet, I still have heard and am concerned about the greatly increased price of housing here in Hawaii. This has become an issue that contributed to another issue of Hawaii which is homelessness.

Although being able to build enough affordable housing is difficult to meet the demand in Hawaii, it is not impossible if we had the proper funding and money being put into solving this issue. This bill would not only help to solve unaffordable housing in Hawaii but also homelessness.

I strongly support SB678 because it will implement an increased tax on homeowners who own homes that are for sale for over 2 million dollars. If someone can afford a home worth over 2 million dollars, they can put up with the increased tax. The money that comes out of the taxes can help be put into funding programs to build more affordable housing. Furthermore, SB678 would provide a 200 million dollar fund which is a great first step to solving this problem. This would give relief to Hawaii locals and residents.

Mahalo

SB-678

Submitted on: 2/7/2023 9:24:56 AM

Testimony for HHS on 2/7/2023 2:15:00 PM

LATE

Submitted By	Organization	Testifier Position	Testify
Nicolas Alaya	Individual	Support	Written Testimony Only

Comments:

Hi,

My name is Nicolas Alaya and I am testifying in support of SB678, relating to the Conveyance Tax.

I was born and raised in Brazil, but I moved to Kauai in the middle of last year. Before coming here, I didn't know homelessness was a big problem in Hawaii, but after spending a few months in the Island I can see the amount of people living in this situation and realize how problematic the issue is.

I also realized how expensive it is to live in Hawaii, which justifies why there are so many people without housing.

I like SB678 because it's going to make better use of the money the government gets from homeowners who are selling their houses, and also raises more money than what is being raised, without damaging the financial condition of the people who own the house. If someone can afford a house that costs 6 to 10 million dollars, why can't they afford a slight increase on the taxes they would have to pay? And also the money would have a good use, helping people that need it. Compared to other states that also have high costs for housing, like San Francisco and Seattle, Hawaii's taxes are way lower than these places, which doesn't provide enough money to the state, so it would be fair to have this slight increase on taxes.

Thank you.