

JOSH GREEN, M.D.
GOVERNOR



DENISE ISERI-MATSUBARA
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STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

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IN REPLY PLEASE REFER TO:

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

SENATE COMMITTEE ON WAYS AND MEANS

March 02, 2023 at 10:30 a.m.
State Capitol, Room 211

In consideration of
S.B. 866
RELATING TO HOUSING.

HHFDC **supports** S.B. 866, which proposes various fixes to Act 39, Session Laws of 2018, as it pertains to the General Excise Tax (GET) exemption and prevailing wages.

This bill seeks to allow certain affordable rental housing projects that meet the prevailing wages requirement to also receive waivers from various county fees. The stacking of these exemptions may be what is needed to promote use of the Act 39 to generate more affordable rentals in light of the increased costs of construction.

Thank you for the opportunity to provide testimony.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
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STATE OF HAWAII
DEPARTMENT OF TAXATION

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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
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**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 866, Relating to Housing

BEFORE THE:

Senate Committee on Ways and Means

DATE: Thursday, March 2, 2023

TIME: 10:30 a.m.

LOCATION: State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding S.B. 866 for your consideration.

Section 2 of S.B. 866 amends section 201H-36(a)(5), Hawaii Revised Statutes, (HRS), to specify that the general excise tax exemption for housing projects certified or approved by the Hawaii Housing Finance and Development Corporation (HHFDC) pursuant to section 237-29, HRS, is not restricted to contracting only. The bill has an effective date of July 1, 2023.

The Department defers to HHFDC on its ability to certify the exemption pursuant to the requirements in the bill and notes that it is able to implement section 2 of the bill by the current effective date. The Department further notes that the revenue impact of the tax provisions in this measure is indeterminate.

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