

STAND. COM. REP. NO. **617**

Honolulu, Hawaii

FEB 13, 2025

RE: H.B. No. 740
H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 740, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to establish the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers to finance construction costs, development costs, and non-reoccurring closing costs associated with the construction of an accessory dwelling unit and purchase deed restrictions on such property.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation; one member of the Maui County Council; Office of Housing and Community Development of the County of Hawai'i; Catholic Charities Hawai'i; Hawai'i YIMBY; Hawaii Appleseed Center for Law & Economic Justice; Holomua Collaborative; Hawai'i Community Foundation; Title Guaranty Hawaii; Hawai'i Gas; Mana Up; HPM Building Supply; aio; Tori Richard, Ltd; Housing Hawai'i's Future; Chamber of Commerce Hawaii; Maui Chamber of Commerce; and one individual. Your Committee received comments on this measure from the Department of the Attorney General; Department of Taxation; Hawai'i Association of REALTORS; and Tax Foundation of Hawaii.

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Your Committee finds that this measure offers an effective solution to increase housing supply, especially in residential areas with available space for additional dwellings. Your Committee further finds that the Department of the Attorney General testified that the measure does not appear to contain legally sufficient standards for the award of such grants involving public money as required by the Hawaii State Constitution.

Accordingly, your Committee has amended this measure by:

- (1) Inserting appropriate standards for grant awards;
- (2) Clarifying the exemption from conveyance taxes; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that the Department of Taxation is requesting that the conveyance tax exemption take effect on January 1, 2026, to allow for form and instruction changes necessary to implement the proposed exemption.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 740, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 740, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



DAVID A. TARNAS, Chair



