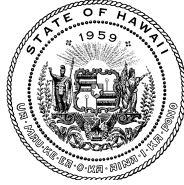


JOSH GREEN M.D.
GOVERNOR

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. 1610, S.D. 1, Relating to Ohana Zones

BEFORE THE:

Senate Committee on Ways and Means

DATE: Wednesday, February 19, 2025

TIME: 10:02 a.m.

LOCATION: State Capitol, Room 211

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

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 1610, S.D. 1, for your consideration.

S.B. 1610, S.D. 1, under chapter 346, Hawaii Revised Statutes (HRS), would establish the Ohana Zones program as a permanent program within the statewide office on homelessness and housing solutions.

Section 3 of the bill amends section 201H-36(a)(2), HRS, to allow the Hawaii Housing Finance and Development Corporation (HHFDC), in accordance with section 237-29, HRS, to approve and certify for exemption from the general excise tax (GET) any qualified person or firm developing a newly constructed, or a moderately or substantially rehabilitated project, under the Ohana Zones program. Section 3 also amends section 201H-36(b)(2), HRS, to condition eligibility for the GET exemption upon Ohana Zone projects entering into a regulatory agreement with HHFDC for a minimum 10-year term.

The measure has a defective effective date of December 31, 2050, and provides that the amendments under section 3 of the bill will not be repealed on June 30, 2030, as provided under section 4 of Act 39, Session Laws of Hawaii 2018.

DOTAX estimates the expected revenue loss as follows:

General Fund Impact (\$ millions)

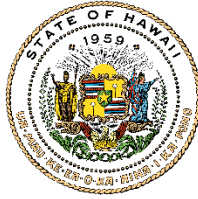
FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
-\$0.5	\$0.5	-\$0.5	-\$0.5	-\$0.5	-\$0.5

DOTAX can administer this measure with an effective date of July 1, 2025 or after.

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

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

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA ĀINA



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

P.O. BOX 621
HONOLULU, HAWAII 96809

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

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

CIARA W.K. KAHAHANE
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

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

**Before the Senate Committee on
WAYS AND MEANS**

**Wednesday, February 19, 2025
10:02 AM**

State Capitol, Conference Room 211 and Via Videoconference

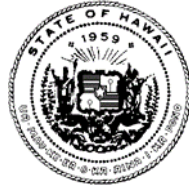
**In consideration of
SENATE BILL 1610, SENATE DRAFT 1
RELATING TO OHANA ZONES**

Senate Bill 1610, Senate Draft 1 establishes the Ohana Zones Program as a permanent program within the Statewide Office on Homelessness and Housing Solutions (OHHS), exempts ohana zones projects from general excise taxes, requires annual reports to the Legislature, and appropriates funds. **The Department of Land and Natural Resources (Department) offers the following comments.**

This measure requests that OHHS work with appropriate state or county agencies to transfer land determined to be suitable for use as an ohana zone to OHHS. The Department recognizes the need for innovative solutions to the ongoing housing crisis but notes that most lands under the jurisdiction of the Board of Land and Natural Resources which are located in urban areas and have access to infrastructure are already set aside to other government agencies or otherwise under long-term dispositions. The Department remains committed to assisting OHHS in implementing the Ohana Zones Program.

Mahalo for the opportunity to provide comments on this measure.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
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

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

February 18, 2025

TO: The Honorable Senator Donovan Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 1610 SD1 – RELATING TO OHANA ZONES.**

Hearing: February 18, 2025, 10:02 a.m.
Conference Room 211 & Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the bill, defers to the Office of Homelessness and Housing Solutions (OHHS), and provides comments. The executive budget includes a request for \$50M for each year of the biennium to the OHHS, and DHS respectfully requests that any appropriation not replace or reduce a priority identified in the executive budget.

PURPOSE: This bill establishes the Ohana Zones Program as a permanent program within the Statewide Office on Homelessness and Housing Solutions. Exempts Ohana Zones projects from general excise taxes. Requires annual reports to the Legislature. Appropriates funds. Effective 12/31/2050. (SD1)

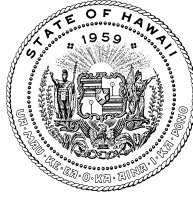
The Committees on Health and Human Services and Housing amended the measure by:

- (1) Inserting language to clarify that "ohana zone" includes a kauhale;
- (2) Inserting an effective date of December 31, 2050, to encourage further discussion;
and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

DHS supports the establishment of a permanent Ohana Zone Program to be administered by the State Office on Homelessness & Housing Solutions, as the Ohana Zone Pilot Program was successful in supporting a variety of solutions to address homelessness across the State. The collaboration between the State and County-based initiatives is the notable strength of the Ohana Zone Pilot Program projects, as sustainable efforts were aligned. The Ohana Zone Pilot Program also allowed support for testing and innovating solutions that were not supported by federal funds, especially during the COVID-19 pandemic when state funds were immediately available to support the Homeless Outreach and Navigation for Unsheltered (HONU) program and other efforts to mitigate conditions in congregate shelters.

DHS notes HB 431 HD2 Relating to Housing takes a different approach to state-funded housing and homeless solutions. HB 431 HD2 appropriates funds to the Office of the Governor for the Kauhale initiative and authorizes that funds appropriated for the Kauhale initiative may be used for the Ohana Zones Pilot Program projects. HB 431 HD2 also establishes the permanent supportive housing special fund to be administered by the Hawaii Housing Finance & Development Corporation. The special fund aims to finance housing development and supportive services for individuals and families with special needs.

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



LATE

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

JOHN MIZUNO
DIRECTOR
STATEWIDE OFFICE ON HOMELESSNESS & HOUSING SOLUTIONS

Testimony of **John M. Mizuno**
Governor's Coordinator on Homelessness
Before the
SENATE COMMITTEE ON WAYS AND MEANS
Wednesday, February 19, 2025
10:02 AM
Conference Room 211
State Capitol

In consideration of
Senate Bill No.1610, SD1
RELATING TO OHANA ZONES

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

My name is John Mizuno. I am the Governor's Coordinator on Homelessness and the Director of the Statewide Office on Homelessness and Housing Solutions (SOHHS). The urgency of the homelessness issue in our state cannot be overstated.

I am writing to support **SENATE BILL 1610, SD1, RELATING TO OHANA ZONES**, establishing the Ohana Zones Program as a permanent program within the Statewide Office on Homelessness and Housing Solutions (SOHHS). The Ohana Zones Program is designed to provide safe and regulated spaces for homeless individuals and families with access to necessary services and support. The bill also exempts Ohana Zones projects from the General Excise Tax, requires an annual report to the Legislature, and appropriates funds.

The Ohana Zones Pilot program was established in Act 209, Session Laws of 2018 (Act 209) to improve the health and well-being of individuals experiencing homelessness and provide them with needed services. Act 209 also required the designation of at least three Ohana zone sites on Oahu and one site on each neighboring island.

The Ohana Zones Pilot Program has been a success since it was established as a collaboration between the State and the Counties to improve the health and well-being of individuals and families experiencing homelessness and to promote affordable rental housing for people transitioning out of homelessness. A 2021 report on the Ohana Zones program noted a decrease of 43.7 percent in the Point in Time (PIT) counts for homeless families from 2016 to 2020 and an overall reduction in homelessness statewide.

Testimony of John M. Mizuno on SB1610, SD1 RELATING TO OHANA ZONES
Senate Committee on Ways and Means
Wednesday, February 19, 2025

The governor has designated the Statewide Office on Homelessness and Housing Solutions as the agency to develop, manage, and implement the program. By making Ohana Zones a permanent program within SOHHS, it will continue to support existing projects for homeless individual adults and families on Oahu, such as the Kamaoku Kauhale for homeless single adults, as well as support for those living in the Neighbor Islands. The state's continued support is critical to solving homelessness.

We kindly request an appropriation of \$15 million (30%) out of the \$50 million funding for the Ohana Zones Program and \$35 million (70%) for kauhale funding.

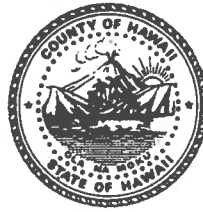
Thank you, Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members, for the opportunity to provide testimony in strong support of **Senate Bill 1610, SD1, Relating to Ohana Zones**. I am grateful for your consideration of this important measure to improve the lives of those facing housing instability, giving them hope for a better future.

Mahalo!

C. Kimo Alameda, Ph.D.
Mayor

William V. Brilhante Jr.
Managing Director

Merrick Nishimoto
Deputy Managing Director



Kehaulani M. Costa
Housing Administrator

Keiko M. Mercado
Assistant Housing Administrator

County of Hawai'i
Office of Housing and Community Development

1990 Kino'ole Street, Suite 102 • Hilo, Hawai'i 96720 • (808) 961-8379 • Fax (808) 961-8685
Existing Housing: (808) 959-4642 • Fax (808) 959-9308
Kona: (808) 323-4300 • Fax (808) 323-4301

February 18, 2025

TESTIMONY IN SUPPORT OF SENATE BILL 1610, SD1
A BILL FOR AN ACT RELATING TO OHANA ZONES
COMMITTEE ON WAYS AND MEANS

Sen. Donovan M. Dela Cruz, Chair

Rep. Sharon Y. Moriwaki, Vice Chair

Hearing Date: Wednesday, February 19, 2025, at 10:02 AM

Place of Hearing: Conference Room 211 & Videoconference

Aloha Honorable Chairs Dela Cruz and Moriwaki, and members of the Committee on Ways and Means,

On behalf of the County of Hawai'i Office of Housing and Community Development (OHCD), I am pleased to provide testimony in **strong support** of **Senate Bill 1610, SD1**, which will make the Ohana Zones Program a permanent program within the Statewide Office on Homelessness and Housing Solutions and exempt Ohana Zones projects from General Excise taxes.

The Ohana Zones Program has already proven to be an invaluable resource, providing temporary housing and services to some of the most vulnerable members of our community. Establishing this program permanently is a necessary step in ensuring that those facing homelessness continue to receive the support they need to achieve stability and independence.

Additionally, the OHCD would like to express its belief in the importance of creating separate "pots" of funding for each county. Providing each county with its own funding allocation will ensure that resources are used in a way that is most effective for local needs and that no community is left behind in this critical battle against homelessness.

Lastly, our Office also wants to take this opportunity to thank legislators for your past funding support, which has been instrumental in supporting programs on Hawai'i Island.

- Initial renovations and repairs at 34 Rainbow Drive to support the opening of Keolahou Emergency Shelter



February 18, 2025

Page 2

- Operational cost for a Family Assessment Center at Na Kahua Hale O Ulu Wini
- Initial funding to support Hale Kūlike, a Permanent Supportive Housing Program at 34 Rainbow Drive
- Temporary Emergency Shelter, Ka Lamaku at the Old Kona Airport
- Partial funding to support the implementation of an Integrated Care Hub
- Implementation of a Homelessness Engagement Team Hui

Thank you for the opportunity to provide testimony in support of SB 1610, SD1, with the addition of county-specific funding allocations.

Mahalo,



Kehaulani M. Costa
Housing Administrator

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE; Ohana Zones Program, General Excise Tax Exemption

BILL NUMBER: SB 1610 SD 1

LATE

INTRODUCED BY: Senate Committees on Health and Human Services and Housing

EXECUTIVE SUMMARY: Establishes the Ohana Zones Program as a permanent program within the Statewide Office on Homelessness and Housing Solutions. Exempts ohana zones projects from general excise taxes.

SYNOPSIS: Adds a new section to Chapter 346 to establish the Ohana Zones Program to provide temporary housing and services to homeless individuals and families.

Amends section 201H-36(a) and (b), HRS, to provide the Hawaii Housing Finance and Development Corporation, HHFDC, the ability to approve and certify exemption from general excise tax, in accordance with section 237-29, HRS, any qualified person or firm involved with a newly constructed or moderately or substantially rehabilitated project developed under the Ohana Zones Program.

EFFECTIVE DATE: December 31, 2050; provided that amendments made to section 201H-36 by section 3 of this Act shall not be repealed when that section is reenacted on June 30, 2030.

STAFF COMMENTS: Currently, HRS section 237-29 provides a general excise tax exemption for the gross income received by qualified persons for planning, design, financing, construction, sale or lease of a housing project that has been certified or approved by the HHFDC under HRS section 201H-36.

The measure amends Section 201H-36, HRS, to allow HHFDC the ability to approve and certify general excise tax exemptions for projects developed under the newly established Ohana Zones Program. The proposed amendment appears reasonable and consistent with current law for comparable programs administered by HHFDC.

Digested: 2/18/2025

SB-1610-SD-1

Submitted on: 2/17/2025 8:39:12 PM

Testimony for WAM on 2/19/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Tasman Kekai Mattox	Individual	Support	Written Testimony Only

Comments:

Ohana Zones should absolutely be a permanent program.