

RE: S.B. No. 39  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii  
Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 39, S.D. 1, entitled:  
"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to encourage the development of affordable housing in the State.  
More specifically, this measure:

(1) Removes the limit on the type of costs eligible for exemption from the general excise tax for development of affordable rental housing certified by the Hawaii Housing Finance and Development Corporation; and

(2) Amends section 104-2(i), Hawaii Revised Statutes, by repealing the requirement that persons or firms engaged in the construction of an affordable rental housing project, which has received an exemption from general excise taxes by the Hawaii Housing Finance and Development Corporation and to which a governmental contracting agency is a party, receive no other direct or indirect financing for the construction project from any other governmental contracting agency.

Your Committee received written comments in support of this measure from Hawaii Construction Alliance; MCYID LLC; NAIOP Hawaii; Schatz Collaborative; and Stanford Carr Development, LLC.

Your Committee received written comments on this measure from the Department of Labor and Industrial Relations and Hawaii Housing Finance and Development Corporation.

Your Committee believes that this measure will make the general excise tax exemptions provided by the Hawaii Housing Finance and Development Corporation more attractive to affordable rental housing developers, and will help to add more rental units to the statewide housing inventory.

Your Committee has amended this measure by:

(1) Amending section 104-2(i), Hawaii Revised Statutes, by:

- (A) Restoring the requirement that persons or firms engaged in the construction of an affordable rental housing project, which has received an exemption from general excise taxes by the Hawaii Housing Finance and Development Corporation and to which a governmental contracting agency is a party, receive no other direct or indirect financing for the construction project from any other governmental contracting agency; and
- (B) Clarifying that "any other governmental contracting agency" refers to state agencies;

(2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and

(3) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 39, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 39, S.D. 2.

Respectfully submitted on behalf of the members of the Committee on Ways and Means,

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DONOVAN M. DELA CRUZ, Chair