

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii
Sir:

Your Committee on Housing, to which was referred S.B. No. 39, S.D. 2, entitled:
"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Clarify that the eligibility for the general excise tax exemption includes the nonreceipt of direct or indirect financing for the construction project from any other governmental contracting agency of the State, including the Hawaii Housing Finance and Development Corporation; and
- (2) Remove the limit on the type of costs eligible for exemption from the general excise tax for the development of affordable rental housing certified by the Hawaii Housing Finance and Development Corporation.

Your Committee received testimony in support of this measure from The Michaels Organization, Kohala Coast Resort Association, and NAIOP Hawaii. Your Committee received comments on this measure from the Department of Labor and Industrial Relations, Department of Budget and Finance, Hawaii Housing Finance and Development Corporation, and Hawaii Regional Council of Carpenters.

Your Committee finds that removing the limits on the general excise tax exemption for affordable rental housing is intended to help incentivize the construction of more affordable rentals in the State.

Your Committee has amended this measure by:

- (1) Clarifying that the eligibility for the general excise tax exemption includes the nonreceipt of direct or indirect financing for the construction project from only the Hawaii Housing Finance and Development Corporation; and
- (2) Specifying that the development of certified affordable rental housing new construction or substantial rehabilitation projects may receive a waiver of various development related fees from a county.

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

Respectfully submitted on behalf of the members of the Committee on
Housing,

NADINE K. NAKAMURA, Chair