

STAND. COM. REP. NO. 527
Honolulu, Hawaii

RE: S.B. No. 871
S.D. 1

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

Your Committee on Housing, to which was referred S.B. No. 871 entitled:
"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Lower the conveyance tax rates for properties with a value under \$2,000,000;
- (2) Increase the conveyance tax rate for investment property; and
- (3) Require an unspecified amount of the conveyance tax to be deposited into the Housing Finance Revolving Fund.

Your Committee received testimony in support of this measure from three individuals. Your Committee received testimony in opposition to this measure from the Hawaii Association of REALTORS, NAIOP, Rental By Owner Awareness Association, and one individual. Your Committee received comments on this measure from the Hawaii Housing Finance and Development Corporation, Department of Budget and Finance, Department of Taxation, Tax Foundation of Hawaii, and Grassroots Institute of Hawaii.

Your Committee finds that housing costs in Hawaii are among the highest in the nation. First time home buyers find it especially difficult to afford even modest accommodations while wealthy investors from around the world continue to purchase additional homes in the State. This measure will help residents afford to buy a home by lowering the conveyance tax rates on properties with a value of less than \$2,000,000 while increasing the conveyance tax rates for investment properties.

Your Committee has amended this measure by:

- (1) Exempting the transfer of real property for affordable housing development from the increased conveyance tax rate;
- (2) Exempting rental housing used by local residents who occupy the unit as their primary residence from the increase conveyance tax rate;
- (3) Specifying that only conveyance tax revenues above the current general fund deposits can be deposited into the Housing Finance Revolving Fund; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 871, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 871, S.D. 1, and be referred to your Committee on Ways and Means.

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

STANLEY CHANG, Chair