

April 20, 2009

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State Capitol, Room ██████
415 South Beretania Street
Honolulu, HI 96813

RE: H.B. 1741, H.D. 1, S.D. 1, C.D.1, Relating to the Conveyance Tax

Aloha ██████████:

The **Hawai'i Association of REALTORS® ("HAR")** represents over 9,600 members statewide. We believe in working together with the State on policy issues that benefit our entire State, such as making rentals and housing affordable.

H.B. 1741, H.D. 1, S.D.1, C.D. 1, increases the Conveyance Tax rates for the conveyance of multifamily rentals, land for residential subdivisions, mixed-income and multi-use properties, commercial properties, resort properties, and agricultural lands, as well as condominium and single-family homes worth more than \$1,000,000. In addition, it reduces the apportionment to the Rental Housing Trust Fund and other valuable programs.

It is not uncommon anymore for single-family homes or condominiums located in our islands central districts to be over \$1,000,000. HAR has historically opposed increases in the Conveyance Tax because of its impact of increasing the cost of homeownership. This tax will be recovered through the price of the property and ultimately, will only add to the already high property prices in Hawaii.

We further add that an increase in Conveyance Tax will not only influence home buyers, but will also affect property transactions for vacant lots, agricultural farm lands, commercial and retail properties, or other assets. These types of properties are already subject to the higher-tier Conveyance Tax, because the purchaser is ineligible for a county homeowner's exemption on property tax. Increasing taxes on these transactions will negatively impact the purchasers and sellers of these types of properties and the business decisions they make.

We would further note that the Conveyance Tax is one of the least dependable sources upon which to rely for funding, because collections rise and fall with the activity of the real estate market. As the real estate market slows down, an additional concern would be that revenues generated by the Conveyance Tax would not be sufficient to meet the expectations of the valuable programs it funds, such as the Rental Housing Trust Fund.



The REALTOR® Building
1136 12th Avenue, Suite 220
Honolulu, Hawaii 96816

Phone: (808) 733-7060
Fax: (808) 737-4977
Neighbor Islands: (888) 737-9070
Email: har@hawaiiirealtors.com

We understand that during these tough economic times, the Legislature must consider and make difficult choices. However, we respectfully ask you to retain the existing Conveyance Tax rates and not increase them.

Should you have any questions, or wish to discuss this further, please do not hesitate to contact me at (808) 733-7060.

Sincerely,

HAWAII ASSOCIATION OF REALTORS®



Judith E. Kalbrener
2009 President