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April 29, 2009

The Honorable Linda Lingle
Governor, State of Hawai`i
Executive Chambers
State Capitol
Honolulu, Hawai`i 96813

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

Dear Governor Lingle:

The Hawai`i Association of REALTORS® (“HAR”) represents over 9,600 members statewide. We believe in working together on policy issues that benefit our entire State, such as making housing and rentals affordable and creating sound tax policy. **HAR strongly opposes H.B. 1741, C.D. 1 and requests your veto.**

H.B. 1741, C.D. 1, increases the Conveyance Tax rates for the conveyance of single family homes, condominiums, land for residential subdivisions, mixed-income and multi-use properties, commercial properties, resort properties, and agricultural lands. Moreover, it reduces the apportionment to the Rental Housing Trust Fund and other valuable programs.

HAR has historically opposed any increase in the Conveyance Tax, because ultimately, it is an increase to the cost of home ownership. Taxes such as the Conveyance Tax will apply to the price the property is sold for and will only add to the already high property prices in Hawai`i. It is not uncommon anymore for single-family homes or condominiums located in our islands’ central districts to be over \$1,000,000 in value.

Also, an increase in the Conveyance Tax will alter business decisions. Properties purchased for use by businesses are already subject to the higher-tier Conveyance Tax, as businesses are not eligible for a county homeowner's exemption on property tax. Important business decisions will be made difficult, at a time when the economy needs this form of investment.

HAR also notes that the Conveyance Tax is one of the least dependable sources upon which to rely for funding as collections rise and fall with the activity of the real estate market. As the housing market has slowed down, revenues from the Conveyance Tax are not and will not be sufficient to meet the expectations of the valuable programs they fund, such as the Rental Housing Trust Fund.

We humbly ask for your consideration to veto the increase to the Conveyance Tax. Should you have any questions, please feel free to contact Myoung Oh at the HAR Government Affairs Department at (808) 733-7060, extension 104.

Sincerely,

HAWAI`I ASSOCIATION OF REALTORS®

A handwritten signature in black ink that reads "Judith E. Kalbrener".

Judith E. Kalbrener
President