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COMMITTEE ON FINANCE  
Hearing on Thursday, February 23, 2017  
12:00 P.M. in Conference Room 308

Testimony in **STRONG SUPPORT for HB1012 HD1**

Dear Chair Sylvia Luke, Vice Chair Ty J.K. Cullen, and Committee Members,

As a Hawaii resident that has invested in real property and REITs, I am in **STRONG SUPPORT** of HB1012 HD1.

Some of the opposition testimony warned your committee that the REIT investors, wealthy individuals and corporations, would utilize alternative state tax-deductions and we would not see a gain in our tax revenue. When they testify in person, please inquire into which alternative tax deductions their investors would use, then take note and close those loop holes next year. You can be assured, the wealthy and the corporations never leave a tax deduction on the table; they use what they can and carry the rest forward for use in future years.

When you look at some of the opposition's charts and tables, you can see how high-ranking Hawaii is for REIT developments. Hawaii is also high-ranking for rise in real estate prices, rise in apartment rental prices, rise in homelessness. Coincidence or collateral damage? Land and labor in Hawaii are extremely limited resources. Most of the REIT developments cited in the opposition testimony created insurmountable competition for land and labor. Truly affordable housing projects cannot afford to compete against the inflated land or labor costs. It is clearly more profitable for REIT investors to develop air-conditioned storage units on land in the urban core that used to be, or should have been, affordable apartments for Hawaii's working families.

Is Hawaii's own tax scheme making it more profitable for corporations to build storage, than to build affordable housing? We need to stop saying we need more affordable housing and we want to fix our homelessness crisis, if we are just going to turn around and give more subsidies to the kind of developments that contribute to, or perpetuate, these conditions.

Hawaii's REIT tax deductions underscore the regressiveness of our tax system to benefit the wealthy at the expense of the lowest income households. We need to mitigate this economic injustice by capturing the REIT taxes and increase the low-income renters and food tax credits.

For these reasons, I urge your committee to pass HB 1012 as amended by HD 1. Thank you for your time and consideration

