



February 7, 2006

The Honorable David Y Ige, Chair, and Members  
 Senate Committee on Intergovernmental Affairs  
 Hawaii State Capitol  
 Honolulu, HI 96813

BY FACSIMILE: 586-6659; 587-7205

Dear Chair Ige, and Members:

**RE: Senate Bill No. 2690, Relating to Disposition of Conveyance Tax**

I am Dean Uchida, Executive Director of the Land Use Research Foundation of Hawaii (LURF), testifying on to S.B. 2690, Relating to Disposition of Conveyance Tax.

This bill would amend Chapter 247-7 HRS as follows:

10% of the amount of the conveyance tax collected from the sale of any property with a value of \$1,000,000 or greater shall be disbursed on a quarterly basis to the director of finance of the county where the property is located to be used as a tax credit for the county's homeowners in an amount as established by ordinance.

There does not appear to be a rational nexus between the real estate transactions that are being taxed at conveyance, and the beneficiaries of the tax. Even if the current rate of conveyance tax is relatively low, that does not justify use of its revenues for unrelated purposes. It would appear more logical to have the proceeds of the conveyance tax support the operations of the Bureau of Conveyances, and reallocate the savings from the general fund to other worthy purposes.

Thank you for the opportunity to express our views on this matter.

**LATE**