THE SENATE TWENTY-NINTH LEGISLATURE, 2018 STATE OF HAWAII

2851 S.B. NO. S.D. 1 H.D. 1

C.D. 1

A BILL FOR AN ACT

RELATING TO STATUTORY REVISION: AMENDING OR REPEALING VARIOUS PROVISIONS OF THE HAWAII REVISED STATUTES AND THE SESSION LAWS OF HAWAII FOR THE PURPOSES OF CORRECTING ERRORS AND REFERENCES, CLARIFYING LANGUAGE, AND DELETING OBSOLETE OR UNNECESSARY PROVISIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 5-7.7, Hawaii Revised Statutes, is

2 amended to read as follows:

3 "[+]§5-7.7[+] Aloha order of merit location. There shall 4 be set aside within the [Honolulu] Daniel K. Inouye 5 International Airport an area to exhibit commemorative displays honoring members of the order. The displays may include 6 likenesses of members and descriptions of the meritorious 7 achievements of each member." 8 9 SECTION 2. Section 102-11, Hawaii Revised Statutes, is 10 amended by amending subsection (b) to read as follows: "(b) All security provided under this section shall: 11 (1) Be conditioned on the full and faithful performance of 12 the contract in accordance with the terms and intent 13 14 thereof; 15 (2) Be in an amount not less than two months' rental and

other charges, if any, required under the contract;

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1 provided that any contract for the sale and delivery 2 of [in-bond] in-bond merchandise at [Honolulu] the 3 Daniel K. Inouye International Airport shall require a 4 bond in an amount not less than four months of the 5 highest minimum annual rental guaranty required under 6 the contract; and By its terms inure to the benefit of the State or of 7 (3) 8 the county, as the case may be."

9 SECTION 3. Section 142-72, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "§142-72 Procedure, if owner believes impounding illegal. 12 If the owner of any animal taken up for trespass $[\tau]$ has reason 13 to believe that the taking up or impounding of the animal was 14 illegal, or if [he] the owner regards the claim for damages or 15 expenses as excessive, [he] the owner may have [his] the owner's 16 animal returned to [him] the owner upon [his] the owner's delivering to the landowner or to the pound keeper, if the 17 animal has been impounded, a certificate from any district judge 18 19 of the circuit, stating that [he] the owner has deposited with 20 the judge the amount claimed by the landowner, together with the



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1 pound fees, if any, or a good and sufficient bond for the same 2 and the costs of an action before [him.] the judge." 3 SECTION 4. Section 201B-4, Hawaii Revised Statutes, is 4 amended by amending subsection (b) to read as follows: 5 "(b) The board shall be subject to the procedural 6 requirements of section 92-4, and this authorization shall be in 7 addition to the exceptions listed in section 92-5, to enable the 8 [authority] board to respect the proprietary requirements of 9 enterprises with which it has business dealings." 10 SECTION 5. Section 201M-5, Hawaii Revised Statutes, is 11 amended by amending subsection (b) to read as follows: 12 "(b) The board shall consist of eleven members, who shall 13 be appointed by the governor pursuant to section $26-34[_7]$; 14 provided that: 15 Three members shall be appointed from a list of (1)16 nominees submitted [+]by[+] the president of the 17 senate; Three members shall be appointed from a list of 18 (2)

nominees submitted by the speaker of the house of

20 representatives;

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1	(3)	Two members shall be appointed from a list of nominees	
2		submitted by the board;	
3	(4)	Two members shall be appointed by the governor;	
4	(5)	The director of business, economic development, and	
5		tourism, or the director's designated representative,	
6		shall serve as an ex officio, voting member of the	
7		board;	
8	(6)	The appointments shall reflect representation of a	
9		variety of businesses in the State;	
10	(7)	No more than two members shall be representatives from	
11		the same type of business; and	
12	(8)	There shall be at least one representative from each	
13		county.	
14	For the p	urposes of paragraphs (1) and (2), nominations shall be	
15	solicited	from small business organizations, state and county	
16	chambers	of commerce, and other interested business	
17	organizations."		
18	SECTION 6. Section 205A-22, Hawaii Revised Statutes, is		
19	amended by	y amending the definition of "department" to read as	
20	follows:		





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1 "Department" means the planning department in the counties
2 of Kauai, Maui, and Hawaii[-] and the department of [land
3 utilization] planning and permitting in the city and county of
4 Honolulu, or other appropriate agency as designated by the
5 county councils."

6 SECTION 7. Section 206-5, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "§206-5 Declaration of development areas. (a) Whenever 9 the board of land and natural resources, after due notice and 10 public hearing, [the time and place of which have been duly 11 given by public notice in the city and county of Honolulu on at 12 least three different days, the last notice being not less than five days before the date of hearing,] finds that [in-any 13 locality on the island of Oahu] an acute shortage of residential 14 15 fee simple property exists in any locality on the island of Oahu and that the shortage of residential fee simple holdings cannot 16 17 practicably be alleviated within the reasonably near future by 18 means other than those provided under this chapter, the board 19 may declare a suitable area, not less than ten contiguous acres 20 in extent, as a development area. The development area shall be 21 reasonably accessible to persons in the locality and shall



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consist of lands suitable for a development project. The time 1 and place of the public hearing shall be given by public notice 2 in the city and county of Honolulu on at least three different 3 4 days, the last notice being not less than five days before the 5 date of the hearing. Any finding of fact[-7] by the board, if 6 supported by a preponderance of evidence, shall be conclusive in 7 any suit, action, or proceeding. 8 (b) All development areas shall be compatible with any general plan for the long-range development of land in the 9 political subdivision concerned under the terms of chapter [201, 10 part II, 225M and shall conform to and with all subdivision and 11 12 zoning ordinances and requirements of the political 13 subdivision." SECTION 8. Section 206E-123, Hawaii Revised Statutes, is 14 amended to read as follows: 15 16 "§206E-123 Loans; default. The authority may 17 [renegotiate,]: (1) Renegotiate, refinance, or foreclose any loan in 18 19 default[-];



1	(2)	[The authority may waive] <u>Waive</u> any default or consent
2		to the modification of the terms of any loan or
3		security agreement[-];
4	(3)	[The authority may commence] <u>Commence</u> any action to
5		protect or enforce any right conferred upon it by any
6		law, mortgage, insurance policy, contract, or other
7		agreement[-];
8	(4)	[The authority may bid] Bid for and purchase the
9		property secured by the loan at any foreclosure or
10		other sale[$_{ au}$] or acquire or take possession of the
11		property secured by the loan[-]; and
12	(5)	[The authority may operate,] <u>Operate,</u> manage, lease,
13		dispose of, or otherwise deal with the property
14		secured by the loan."
15	SECT	ION 9. Section 235-7, Hawaii Revised Statutes, is
16	amended by	y amending subsection (e) to read as follows:
17	"(e)	There shall be disallowed as a deduction the amount
18	of intere	st paid or accrued within the taxable year on
19	indebtedn	ess incurred or continued[τ] to purchase or carry:



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(1) [to purchase or carry bonds] Bonds the interest upon
 which is excluded from gross income by subsection (a);
 or
 (2) [to purchase or carry property] Property owned without

the State, or to carry on trade or business without

6 the State, if the taxpayer is a person taxable only
7 upon income from sources in the State."

8 SECTION 10. Section 235-110.7, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "§235-110.7 Capital goods excise tax credit. (a) There
11 shall be allowed to each taxpayer subject to the tax imposed by
12 this chapter a capital goods excise tax credit, which shall be
13 deductible from the taxpayer's net income tax liability, if any,
14 imposed by this chapter for the taxable year in which the credit
15 is properly claimed.

16 The amount of the tax credit shall be [determined by the 17 application of the following rates against] four per cent of the 18 cost of the eligible depreciable tangible personal property used 19 by the taxpayer in a trade or business and placed in service 20 within Hawaii after [December 31, 1987. For calendar years 21 beginning after:



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1	(1)	December 31, 1987, the applicable rate shall be three	
2		per cent;	
3	.(2)	December 31, 1988, the applicable rate shall be four	
4		per cent;	
5	-(3) -	December 31, 2008, the applicable rate shall be zero	
6		per cent; and	
7	(4)]	December 31, 2009[, and thereafter, the applicable	
8		rate shall be four per cent.	
9	For	taxpayers with fiscal taxable years, the applicable	
10	rate shal	l be the rate for the calendar year in which the	
11	eligible depreciable tangible personal property used in the		
12	trade or business is placed in service within Hawaii].		
13	In t	he case of a partnership, S corporation, estate, or	
14	trust, the tax credit allowable is for eligible depreciable		
15	tangible	personal property [which] <u>that</u> is placed in service by	
16	the entity. The cost upon which the tax credit is computed		
17	shall be	determined at the entity level. Distribution and share	
18	of credit	shall be determined by rules.	
19	In t	he case of eligible depreciable tangible personal	
20	property	for which a credit for sales or use taxes paid to	
21	another s	tate is allowable under section 238-3(i), the amount of	



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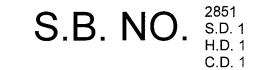
1 the tax credit allowed under this section shall not exceed the 2 amount of use tax actually paid under chapter 238 relating to 3 [such] the tangible personal property.

If a deduction is taken under section 179 (with respect to
election to expense certain depreciable business assets) of the
Internal Revenue Code of 1954, as amended, no tax credit shall
be allowed for that portion of the cost of property for which
the deduction was taken.

9 (b) If the capital goods excise tax credit allowed under 10 subsection (a) exceeds the taxpayer's net income tax liability, 11 the excess of credit over liability shall be refunded to the 12 taxpayer; provided that no refunds or payment on account of the 13 tax credit allowed by this section shall be made for amounts 14 less than \$1.

All claims for tax credits under this section, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year for which the credits may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit.

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1 (C) Application for the capital goods excise tax credit 2 shall be upon forms provided by the department of taxation. 3 (d) Sections 47 (with respect to dispositions of section 4 38 property and the recapture percentages) of the Internal 5 Revenue Code of 1954, as amended, as of December 31, 1984, and 6 280F as operative for this chapter (with respect to limitation 7 on investment tax credit and depreciation for luxury 8 automobiles; limitation where certain property used for personal 9 purposes) of the Internal Revenue Code of 1954, as amended, 10 shall be operative for purposes of this section. (e) As used in this section, the definition of section 38 11 12 property (with respect to investment in depreciable tangible 13 personal property) as defined by section 48(a)(1)(A), (a)(1)(B), 14 (a) (3), (a) (4), (a) (7), (a) (8), (a) (10) (A), (b), (c), (f), (l), 15 (m), and (s) of the Internal Revenue Code of 1954, as amended as of December 31, 1984, is operative for the purposes of this 16 17 section only. 18 (f) As used in this section:

19 "Cost" means the:

20 (1) [the actual] Actual invoice price of the tangible
21 personal property[7]; or



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1	(2) [the basis] <u>Basis</u> from which depreciation is taken
2	under section 167 (with respect to depreciation) or
3	from which a deduction may be taken under section 168
4	(with respect to accelerated cost recovery system) of
5	the Internal Revenue Code of 1954, as amended,
6	whichever is less.
7	"Eligible depreciable tangible personal property" is
8	section 38 property as defined by the operative provisions of
9	section 48 and having a depreciable life under section 167 or
10	for which a deduction may be taken under section 168 of the
11	[federal] Internal Revenue Code of 1954, as amended.
12	"Placed in service" means the earliest of the following
13	taxable years:
14	(1) The taxable year in which, under the:
15	(A) Taxpayer's depreciation practice, the period for
16	depreciation; or
17	(B) Accelerated cost recovery system, a claim for
18	recovery allowances[+],
19	with respect to [such] <u>the</u> property begins; or



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1 (2)The taxable year in which the property is placed in a 2 condition or state of readiness and availability for a 3 specifically assigned function. 4 "Purchase" means an acquisition of property. 5 "Tangible personal property" means tangible personal property [which] that is placed in service within Hawaii after 6 December 31, 1987, and the purchase or importation of which 7 8 resulted in a transaction [which] that was subject to the 9 imposition and payment of tax at the rate of four per cent under chapter 237 or 238. "Tangible personal property" does not 10 include tangible personal property [which] that is an integral 11 12 part of a building or structure or tangible personal property used in a [foreign-trade] foreign-trade zone, as defined under 13 14 chapter 212." 15 SECTION 11. Section 237-27, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows: 16 17 "(a) As used in this section: 18 [(1)] "Petroleum products" means petroleum $[_7]$; any

19 distillate, fraction, or derivative of petroleum[-]; natural gas 20 or its components[-]; gas manufactured from a petroleum 21 product[-]; and any product derived from the gas or from the



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1	manufacture there	eof, such as benzene, xylene, toluene,
2	acetylene, tars,	components of tars, and ammonia.
3	[(2)] "Refin	ner" means any person who, in the State, engages
4	in the business c	of refining petroleum products and is taxable
5	under this chapte	er, upon the value or gross proceeds of sales of
6	the petroleum pro	oducts resultant from the business. A person
7	who is engaged in	business as a refiner and also in other
8	business shall be	e deemed a refiner only in respect of the
9	business that pro	oduces the products included in the measure of
10	the tax imposed b	by this chapter.
11	[(3)] "Refin	ing" means:
12	· [(A)] <u>(1</u>	.) Any process performed by a refiner that
13	ir	ncludes a change in the character or properties
14	of	a petroleum product through the application of
15	he	eat[,] <u>;</u> or
16	[(B)] <u>(2</u>	2) The compounding by a refiner of a petroleum
17	pr	roduct with a product that has been refined by
18	th	ne refiner by the process stated in [clause
19	-(2	.).] paragraph (1)."
20	SECTION 12.	Section 245-16, Hawaii Revised Statutes, is

21 amended by amending subsection (b) to read as follows:



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1	"(b)	Thi	s section shall not apply to the shipment o	of
2	cigarette	s if	any of the following conditions are met:	
3	(1)	The	cigarettes are exempt from taxes as provide	ed by
4		sect	ion 245-3(b) or are otherwise exempt from t	he
5		appl	icability of this chapter as provided by se	ection
6		245-	62;	
7	(2)	All	applicable Hawaii taxes on the cigarettes a	re paid
8		in a	ccordance with the requirements of this cha	pter;
9		or		u .
10	(3)	The	person or entity engaged in the business of	-
11		sell	ing, advertising, or offering cigarettes fo	or sale
12		and	transfer or shipment:	
13		(A)	Has fully complied with all of the require	ements
14			of chapter 10A (commencing with section 37	'5) of
15			title 15 of the United States Code, otherv	vise
16			known as the Jenkins Act; and	
17		(B)	Includes on the outside of the shipping co	ontainer
18			an externally visible and easily legible r	notice
19			located on the same side of the shipping	
20			container as the address to which the ship	ping
21			container is delivered stating as follows:	;



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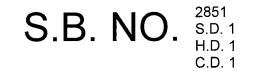
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1	"CIGARETTES: HAWAII LAW PROHIBITS THE SALE OF
2	CIGARETTES TO INDIVIDUALS UNDER [EIGHTEEN]
3	TWENTY-ONE YEARS OF AGE AND REQUIRES THE PAYMENT
4	OF ALL APPLICABLE TAXES. YOU ARE LEGALLY
5	RESPONSIBLE FOR ALL APPLICABLE UNPAID TAXES ON
6	THESE CIGARETTES.""
7	SECTION 13. Section 261-7, Hawaii Revised Statutes, is
8	amended by amending subsection (c) to read as follows:
9	"(c) The department shall enter into a contract with no
10	more than one person ("contractor") for the sale and delivery of
11	in-bond merchandise at [Honolulu] <u>the Daniel K. Inouye</u>
12	International Airport, in the manner provided by law. The
13	contract shall confer the right to operate and maintain
14	commercial facilities within the airport for the sale of in-bond
15	merchandise and the right to deliver to the airport in-bond
16	merchandise for sale to departing foreign-bound passengers.
17	The department shall grant the contract pursuant to the
18	laws of this State and may take into consideration:
19	(1) The payment to be made on in-bond merchandise sold at
20	[Honolulu] the Daniel K. Inouye International Airport

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1		and on in-bond merchandise displayed or sold elsewhere	
2		in the State and delivered to the airport;	
3	(2)	The ability of the applicant to comply with all	
4		federal and state rules and regulations concerning the	
5		sale and delivery of in-bond merchandise; and	
6	(3)	The reputation, experience, and financial capability	
7		of the applicant.	
8	The	department shall actively supervise the operation of	
9	the contr	actor to ensure its effectiveness. The department	
10	shall develop and implement [such] guidelines as it may find		
11	necessary and proper to actively supervise the operations of the		
12	contractor, and shall include guidelines relating to the		
13	department's review of the reasonableness of <u>the</u> contractor's		
14	price schedules, quality of merchandise, merchandise assortment,		
15	operations, and service to customers.		
16	Apar	t from the contract described in this subsection, the	

17 department shall confer no right upon nor suffer nor allow any 18 person to offer to sell, sell, or deliver in-bond merchandise at 19 [Honolulu] the Daniel K. Inouye International Airport; provided 20 that this section shall not prohibit the delivery of in-bond



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1 merchandise as cargo to the [Honolulu] Daniel K. Inouye 2 International Airport." 3 SECTION 14. Section 261-15.5, Hawaii Revised Statutes, is 4 amended to read as follows: 5 "[+]§261-15.5[+] Aircraft registration. Unless an 6 aircraft is exempted by this section, no person shall operate or 7 cause or authorize to be operated any aircraft at an airport 8 owned or controlled by the department, unless the aircraft has a 9 certificate of registration issued in accordance with rules 10 adopted by the department. Aircraft exempt from registration 11 required by this section include: 12 (1) Aircraft operating primarily in interstate or foreign 13 commerce; 14 (2) Aircraft owned or operated by the United States; 15 Aircraft in transit through the State; and (3) 16 (4) Aircraft operated by any scheduled airline carrier 17 [which] that is a lessee of the State under an 18 airport-airline lease at the [Honolulu] Daniel K. 19 Inouye International Airport and [which] that is 20 commonly referred to as signatory airline."





1 SECTION 15. Section 261-23, Hawaii Revised Statutes, is 2 amended to read as follows: 3 [Honolulu] Daniel K. Inouye International "§261-23 4 Airport. All that area set aside by executive order No. 1016 5 for John Rodgers Airport and Keehi Lagoon Seaplane Harbor to be 6 under the control and management of the superintendent of public 7 works under date of April 12, 1943, is designated as ["Honolulu] 8 the "Daniel K. Inouve International Airport"." 9 SECTION 16. Section 286-202.6, Hawaii Revised Statutes, is 10 amended by amending subsection (a) to read as follows: 11 "(a) In addition to the requirements in title 49 Code of 12 Federal Regulations [part] section 390.21, every motor carrier 13 vehicle shall be marked as specified in subsections (b), (c), 14 and (d)." 15 SECTION 17. Section 304A-1959, Hawaii Revised Statutes, is 16 amended to read as follows: 17 "[+] \$304A-1959[+] Biennial report. No later than twenty 18 days prior to the convening of the regular session of each odd-19 numbered year, the University of Hawaii shall submit a report to 20 the legislature concerning:

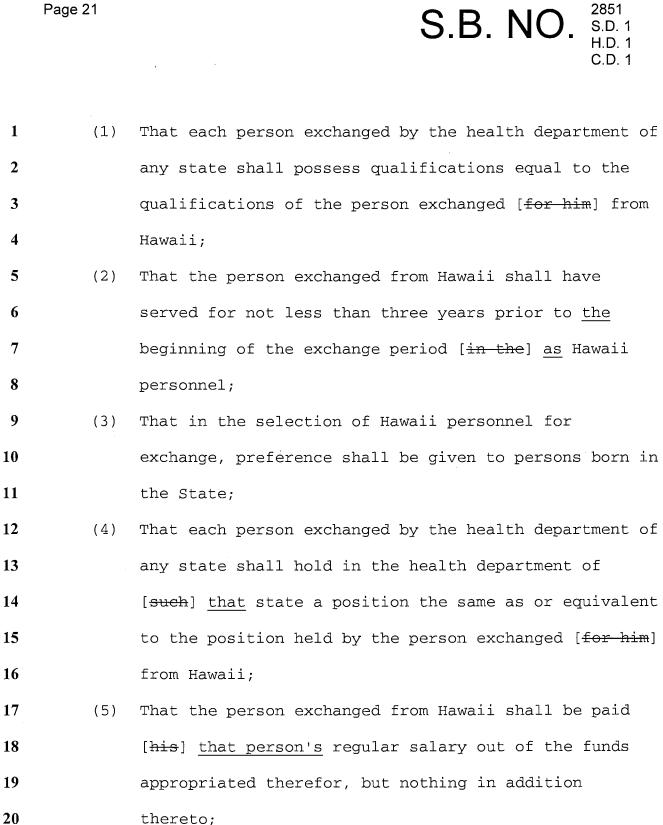


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All funds deposited into the university innovation and 1 (1) commercialization initiative special fund and a 2 detailed description of the use of those funds; and 3 4 (2) Coordinated efforts between the innovation and 5 commercialization initiative program and other state 6 agencies, including the [+]Hawaii[+] technology development corporation, the Hawaii strategic 7 8 development corporation, and the Hawaii state energy 9 office, to move the State's innovation goals forward, 10 and to more efficiently and effectively utilize resources to achieve these outcomes." 11 SECTION 18. Section 321-5, Hawaii Revised Statutes, is 12 amended to read as follows: 13

"§321-5 Contract for exchange of Hawaii personnel. 14 (a) The department of health may contract with any state, or the 15 health department of any state having the power to so contract, 16 for the exchange of Hawaii personnel for personnel of the health 17 department of [any such] that state. Any [such] exchange shall 18 be made under rules [and regulations] prescribed by the 19 department, in no case shall be for a period exceeding one year, 20 21 and in all cases shall be subject to the following provisions:





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1 (6) That the State shall not pay any traveling or other 2 expenses of the Hawaii personnel or of the personnel 3 of the health department of any state coming to Hawaii 4 under any contract of exchange. This prohibition 5 shall be construed to include all travel, 6 transportation, board, lodging, or other expenses 7 incidental to or arising out of any exchange; 8 (7) That the State shall not pay any compensation to the 9 person coming to Hawaii under any contract of 10 exchange; provided that in any case where the person 11 so exchanged from Hawaii becomes incapacitated $[\tau]$ or, 12 for any reason, leaves the exchange position 13 permanently, the department may pay the visiting 14 exchange person an amount not to exceed the salary 15 rating of the person so exchanged from Hawaii, such an 16 arrangement to continue until the end of the period of 17 exchange or until such time as some adjustment 18 satisfactory to the department is made; That any provision of law to the contrary 19 (8) 20 notwithstanding, the state requirements in respect to 21 civil service, citizenship, or residence shall not



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1		apply to any person coming to Hawaii under any [such]
2		contract of exchange; <u>and</u>
3	(9)	That the appropriate collective bargaining agreement,
4		executive order, executive directive, or rule
5		regarding traveling expenses for state officials shall
6	·	not apply to Hawaii personnel exchanged under this
7		section.
8	<u>(b)</u>	The department may [make_such] <u>adopt</u> rules [and
9	regulatio	ns] as it [may deem] <u>deems</u> necessary concerning the
10	powers, r	ights, functions, conduct, duties, and liabilities of,
11	exercised	by or imposed upon, any person coming to Hawaii under
12	any contr	act of exchange.
13	<u>(c)</u>	As used in this section, unless the text clearly
14	otherwise	indicates[7]:
15	"Haw	aii personnel" means public health nurses, sanitary
16	officers,	and medical officers $[+]$.
17	"Hea	lth department" means the board of health, department
18	of health	, president of the board of health, or other public
19	authority	authorized by law to administer or administering the
20	public he	alth laws of any state.

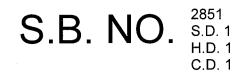


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1	["state"] <u>"State"</u> means any state or territory of the		
2	United States, or county or municipality of any such state or		
3	territory[; and "health department" means the board of health,		
4	department of health, president of the board of health, or other		
5	public authority authorized by law to administer or		
6	administering the public health laws of any state]."		
7	SECTION 19. Section 329-38, Hawaii Revised Statutes, is		
8	amended by amending subsection (h) to read as follows:		
9	"(h) The effectiveness of a prescription for the purposes		
10	of this section shall be determined as follows:		
11	(1) A prescription for a controlled substance shall be		
12	issued for a legitimate medical purpose by an		
13	individual practitioner acting in the usual course of		
14	the practitioner's professional practice. The		
15	responsibility for the proper prescribing and		
16	dispensing of controlled substances shall be upon the		
17	prescribing practitioner, but a corresponding		
18	responsibility shall rest with the pharmacist who		
19	fills the prescription. An order purporting to be a		
20	prescription issued not in the usual course of		
21	professional treatment or for legitimate and		





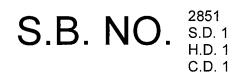
1	,	authorized research shall not be deemed a prescription
2		within the meaning and intent of this section, and the
3		person who knowingly fills such a purported
4		prescription, as well as the person who issues the
5		prescription, shall be subject to the penalties
6		provided for violations of this chapter;
7	(2)	A prescription may not be issued to allow an
8		individual practitioner to obtain controlled
9		substances for supplying the individual practitioner
10		for the purpose of general dispensing to patients;
11	(3)	A prescription may not be issued for the dispensing of
12		narcotic drugs listed in any schedule for the purpose
13		of "medically managed withdrawal", also known as
14		"detoxification treatment", or "maintenance treatment"
15		except as follows:
16		(A) The administering or dispensing directly (but not
17		prescribing) of narcotic drugs listed in any
18		schedule to a narcotic drug-dependent person for
19		"medically managed withdrawal", also known as
20		"detoxification treatment", or "maintenance
21		treatment" shall be deemed to be "in the course



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1			of a practitioner's professional practice or
2			research" so long as the practitioner is
3			registered separately with the department and the
4			federal Drug Enforcement [Agency] Administration
5			as required by section 329-32(e) and complies
6			with [Title] <u>title</u> 21 Code of Federal Regulations
7			section 823(g) and any other federal or state
8			regulatory standards relating to treatment
9			qualification, security, records, and
10			unsupervised use of drugs; and
11		(B)	Nothing in this section shall prohibit a
12			physician or authorized hospital staff from
13			administering or dispensing, but not prescribing,
14			narcotic drugs in a hospital to maintain or
15			detoxify a person as an incidental adjunct to
16			medical or surgical treatment of conditions other
17			than addiction;
18	(4)	An i	ndividual practitioner shall not prescribe or
19		disp	ense a substance included in schedule II, III, IV,
20		or V	for that individual practitioner's personal use,
21		exce	pt in a medical emergency; and





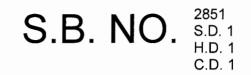
1	(5) A pharmacist shall not dispense a substance included
2	in schedule II, III, IV, or V for the pharmacist's
3	personal use."
4	SECTION 20. Section 329-125, Hawaii Revised Statutes, is
5	amended by amending subsection (a) to read as follows:
6	"(a) A qualifying patient or the primary caregiver may
7	assert the medical use of cannabis authorized under this part as
8	an affirmative defense to any prosecution involving [[cannabis
9	Θ marijuana[] under this part [Θ], part IV[$+$], or part IV of
10	chapter 712; provided that the qualifying patient or the primary
11	caregiver strictly complied with the requirements of this part."
12	SECTION 21. Section 329-125.6, Hawaii Revised Statutes, is
13	amended by amending subsection (a) to read as follows:
14	"(a) An owner or employee of a medical cannabis dispensary
15	that is licensed under chapter 329D may assert the production or
16	distribution of medical cannabis as an affirmative defense to
17	any prosecution involving [[cannabis or] marijuana[]] under this
18	part [or], part IV[+], chapter 329D[+], or part IV of chapter
19	712; provided that the owner or employee strictly complied with
20	the requirements of chapter 329D and any administrative rules
21	adopted thereunder."





SECTION 22. Section 346G-10, Hawaii Revised Statutes, is 1 2 amended by amending subsection (b) to read as follows: 3 "(b) In accordance with title 42 Code of Federal 4 Regulations [section] part 438, the department shall use 5 revenues from the hospital sustainability fee and federal 6 matching funds to enhance the capitated rates paid to medicaid 7 managed care health plans for [the] state fiscal years 2017-2018 8 and 2018-2019, consistent with the following objectives: 9 The rate enhancement shall be used exclusively for (1)10 increasing reimbursements to private hospitals to 11 support the availability of services and to ensure 12 access to care to the medicaid managed care health 13 plan enrollees; 14 (2) The rate enhancement shall be made part of the monthly 15 capitated rates by the department to medicaid managed 16 care health plans, which shall provide documentation 17 to the department and the hospital trade association 18 located in Hawaii certifying that the revenues 19 received under paragraph (1) are used in accordance 20 with this section;





1	(3)	The rate enhancement shall be actuarially sound and
2		approved by the federal government for federal fund
3		participation;
4	(4)	The rate enhancements shall be retroactive to July 1,
5		2012, or the effective date approved by the federal
6		government, whichever is later. Retroactive rate
7		enhancements shall be paid within thirty days of
8		notification by the Centers for Medicare and Medicaid
9		Services to the department of all necessary approvals;
10		and
11	(5)	Payments made by the medicaid managed care health
12		plans shall be made within thirty business days upon
13		receipt of monthly capitation rates from the
14		department."
15	SECT	ION 23. Section 431:2-203, Hawaii Revised Statutes, is
16	amended b	y amending subsection (b) to read as follows:
17	"(b)(1)	A person who intentionally or knowingly violates,
18		intentionally or knowingly permits any person over
19		whom the person has authority to violate, or
20		intentionally or knowingly aids any person in
21		violating any insurance rule or statute of this State





1 or any effective order issued by the commissioner $[\tau]$ 2 shall be subject to any penalty or fine as provided by this code or by the Hawaii Penal Code [of the Hawaii 3 4 Revised Statutes]. 5 (2) If the commissioner has cause to believe that any 6 person has violated any penal provision of this code 7 or of other laws relating to insurance, the 8 commissioner shall proceed against that person or 9 certify the facts of the violation to the public 10 prosecutor of the jurisdiction in which the offense 11 was committed. 12 (3) Violation of any provision of this code is punishable by a fine of not less than \$100 nor more than \$10,000 13 14 per violation, or by imprisonment for not more than one year, or both, in addition to any other penalty or 15 16 forfeiture provided herein or otherwise by law. 17 (4) The terms "intentionally" and "knowingly" shall have 18 the same meanings as defined in section 702-206(1) and (2)." 19 20 SECTION 24. Section 431:3-205, Hawaii Revised Statutes, is

21 amended to read as follows:



"§431:3-205 Funds required of new insurers. Subject to 1 section 431:3-203(a)(2), to qualify to transact any one class of 2 insurance, an insurer, not existing and authorized in this State 3 on July 1, 1988, shall: 4 5 (1) Deposit in a federally insured financial institution 6 within the State, paid-up capital stock in the case of a stock insurer, or unimpaired surplus if: 7 8 (A) [a] A reciprocal insurer $[\tau]$; or 9 [a] A mutual insurer [which] that does not seek (B) to qualify upon the basis of applications and 10 premiums collected as provided in sections 431:4-11 303 to 431:4-307, 12 13 in an amount not less than shown in the applicable 14 Schedule "A"; Maintain this deposit at all times while the insurer 15 (2) is licensed and transacting insurance in this State; 16 17 and Secure the approval of the commissioner before making 18 (3) withdrawals from the depository. 19



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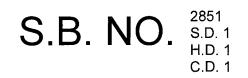
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1		Schedule ".	A "	
2		Class of Insurance	Amount	Required
3		Life	\$	600,000
4		Accident and Health or	Sickness	450,000
5		Property		750,000
6		Marine and Transportat	ion 1	,000,000
7		Vehicle	1	,000,000
8		General Casualty	1	,500,000
9		Surety	1	,000,000
10		Title		400,000 <u>.</u> "
11	SECTION 25. Section 431:4-210, Hawaii Revised Statutes, is			
12	amended to read	as follows:		
13	"§431:4-21	0 Unlawful sales of ϵ	equity secu	rity. It shall
14	be unlawful for	any beneficial owner,	director <u>,</u>	or officer,
15	directly or ind	irectly, to sell any e	equity secu	rity of [such]
16	the company if the person selling the security or the person's			
17	principal <u>:</u>			
18	(1) [does] <u>Does</u> not own the sec	curity sold	.[7] <u>;</u> or
19	(2) [if]	If owning the security	r, does not	deliver it
20	again	st [such] <u>the</u> sale wit	hin twenty	days thereafter,
21	or do	es not within five day	vs after [s	uch] the sale





1	deposit it in the mails or other usual channels of
2	transportation.
3	No person shall be deemed to have violated this section if the
4	person proves that notwithstanding the exercise of good faith
5	the person was unable to make [such] delivery or deposit within
6	the required time, or that to do so would cause undue
7	inconvenience or expense."
8	SECTION 26. Section 431:10B-103, Hawaii Revised Statutes,
9	is amended to read as follows:
10	"§431:10B-103 Definitions. For the purpose of this
11	article:
12	[(1) Credit life insurance means insurance on the life of a
13	debtor pursuant to or in connection with a specific
14	loan or other credit transaction;
15	(2)] <u>"</u> Credit disability insurance <u>"</u> means insurance on a
16	debtor to provide indemnity for payments becoming due on a
17	specific loan or other credit transaction while the debtor is
18	disabled as defined in the policy $[+]_{-}$
19	"Credit life insurance" means insurance on the life of a
20	debtor pursuant to or in connection with a specific loan or
21	other credit transaction

21 other credit transaction.



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[(3)] "Creditor" means the lender of money, or seller or 1 lessor of goods, services, [or] property, rights, or privileges, 2 3 for which payment is arranged through a credit transaction, or any successor to the right, title, or interest of any [such] 4 5 lender, seller, or lessor, and an affiliate, associate, or 6 subsidiary of any of them or any director, officer, or employee 7 of any of them, or any other person in any way associated with 8 any of them [+].

9 [(4)] "Debtor" means a borrower of money or a purchaser or 10 lessee of goods, services, property, rights, or privileges for 11 which payment is arranged through a credit transaction[+].

12 [-(5)] "Indebtedness" means the total amount payable by a 13 debtor to a creditor in connection with a loan or other credit 14 transaction."

15 SECTION 27. Section 431:26-108, Hawaii Revised Statutes,
16 is amended by amending its title to read as follows:

17 "[+]§431:26-108[] Regulations.] <u>Rules.</u>"

18 SECTION 28. Section 432:1-104, Hawaii Revised Statutes, is 19 amended to read as follows:

20 "§432:1-104 Definitions. For the purposes of this
 21 article:



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1	[(1)] "Commissioner" means the insurance commissioner of
2	the State [of Hawaii].
3	[(2)] "Mutual benefit society" [is] <u>means</u> any corporation,
4	unincorporated association, society, or entity:
5	$\left[\frac{(A)}{(1)}\right]$ Organized and carried on for the primary benefit of
6	its members and their beneficiaries and not for
7	profit, and:
8	$\left[\frac{(1)}{(1)}\right]$ (A) Making provision for the payment of benefits
9	in case of sickness, disability, or death of its
10	members, or disability, or death of its members'
11	spouses or reciprocal beneficiaries or
12	children[7]; or
13	[(ii)] <u>(B)</u> Making provision for the payment of any
14	other benefits to or for its members,
15	whether or not the amount of the benefits is fixed or
16	rests in the discretion of the society, its officers,
17	or any other person or persons; and the fund from
18	which the payment of the benefits shall be defrayed is
19	derived from assessments or dues collected from its
20	members, and the payment of death benefits is made to
21	the families, including reciprocal beneficiaries,



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1	heir	s, blood relatives, or persons named by its	
2	members as their beneficiaries; or		
3	[(B)] <u>(2)</u> Organized and carried on for any purpose[, which:]		
4	that:		
5	[(i)]	(A) Regularly requires money to be paid to it by	
6		its members, whether the money be in the form of	
7		dues, subscriptions, receipts, contributions,	
8		assessments, or otherwise $[-7]$; and	
9	[(ii)]	(B) Provides for the payment of any benefit or	
10		benefits or the payment of any money or the	
11		delivery of anything of value to its members or	
12		their relatives, including reciprocal	
13		beneficiaries, or to any person or persons named	
14		by its members as their beneficiaries, or to any	
15		class of persons [which] <u>that</u> includes or may	
16		include its members,	
17	whet	her or not the amount or value of the benefit,	
18	bene	fits, money, or thing of value is fixed, or rests	
19	in t	he discretion of the society, its officers, or any	
20	othe	r person or persons; or	



1 $\left[\frac{(C)}{(C)}\right]$ (3) Organized and carried on for any purpose $[\tau]$ whose 2 requirements and provisions, although not identical 3 with, are determined by the commissioner to be substantially similar to $[\tau]$ those enumerated in 4 5 [subparagraphs (A)] paragraphs (1) and [(B),] (2). 6 Participating in a legal service plan subject to chapter 7 488 shall not in itself make a corporation, unincorporated 8 association, society, or entity a mutual benefit society and 9 subject to this article." SECTION 29. Section 432:1-301, Hawaii Revised Statutes, is 10 11 amended by amending subsection (a) to read as follows: 12 "(a) Before doing business or engaging in any act, any 13 mutual benefit society as defined in section $[432:1 \ 104(2)]$ 14 432:1-104 shall file with the commissioner: 15 (1) Copies of its constitution or organic instrument under 16 which it purports to operate, [and] the bylaws, and rules and regulations, if any; 17 If a society promising or offering to pay death, sick, 18 (2) disability, or other benefits in an amount equal to or 19 20 in excess of \$25:



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1	(A)	Copies of all proposed forms of benefit
2		certificates, applications, and circulars to be
3		issued by the society; and
4	(B)	A bond in the sum of \$25,000 with sureties
5		approved by the commissioner. The bond shall be
6		conditioned upon the return of the advance
7		payments referred to in section 432:1-304, if the
8		organization is not completed within one year;
9		and
10	(3) Any	additional information as the commissioner may
11	requ	ire."
12	SECTION 3	0. Section 435E-25, Hawaii Revised Statutes, is
13	amended to rea	d as follows:
14	"§435E-25	Voluntary termination of a member. A
15	participating	member who is then in full compliance with the
16	trust agreemen	t may elect voluntarily to terminate [his or her]
17	the participat	ing member's membership in the interindemnity
18	arrangement.	Upon voluntary termination, [such] <u>the</u> person may
19	further elect	to cease being responsible for future assessments,
19 20		to cease being responsible for future assessments, to pay [such] the assessments until [such time as



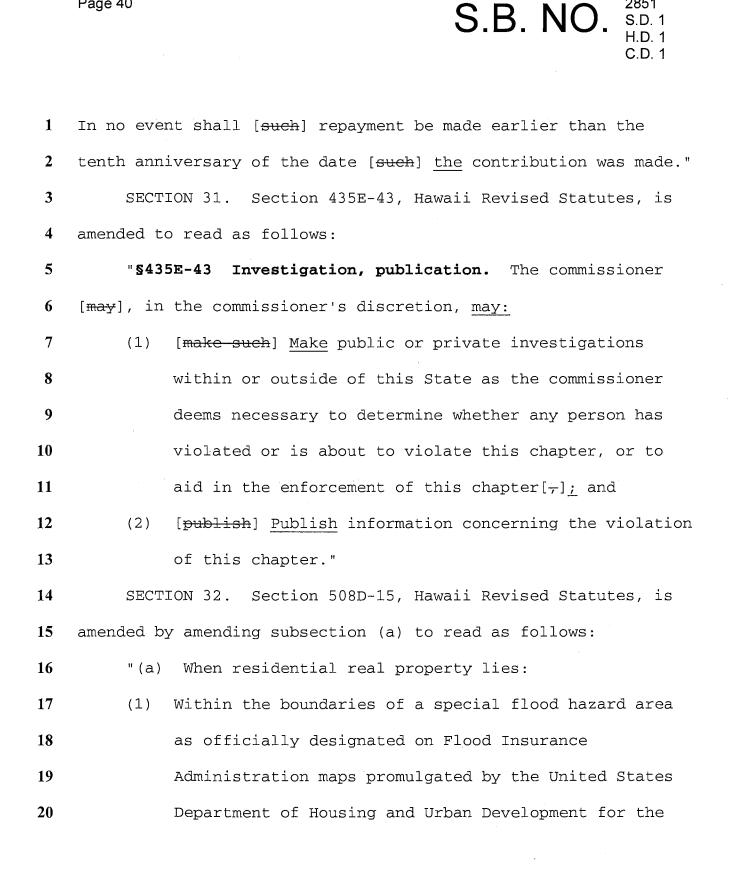


event such] If the person elects to cease being responsible for 1 2 future assessments, the indemnity coverage shall thereupon 3 terminate and [such] the person shall either be responsible for 4 [his or her] the person's own exposure for acts committed while 5 a participating member in the interindemnity arrangement, or [he 6 or she] the person may request the interindemnity arrangement to 7 purchase or provide, at the cost of [such] the person, coverage 8 for [such] the person's exposure. The initial contribution of 9 [such] the person shall be repaid on the tenth anniversary of 10 the date [such] the contribution was made. [In the event such] 11 If the person elects to continue to be responsible for 12 assessments, the indemnity coverage shall continue in respect of occurrences prior to the date of the voluntary termination, and 13 14 the initial contribution of [such] the person shall be repaid 15 [at-such-time as] when the board of trustees is satisfied that: 16 (1)[there] There are no claims pending against the person 17 in respect of occurrences during the time the person 18 was a participating member $[\tau]$; and 19 (2) [the] The statute of limitations has run on all claims 20 [which] that might be asserted against the person in

respect of occurrences during [such] that time.

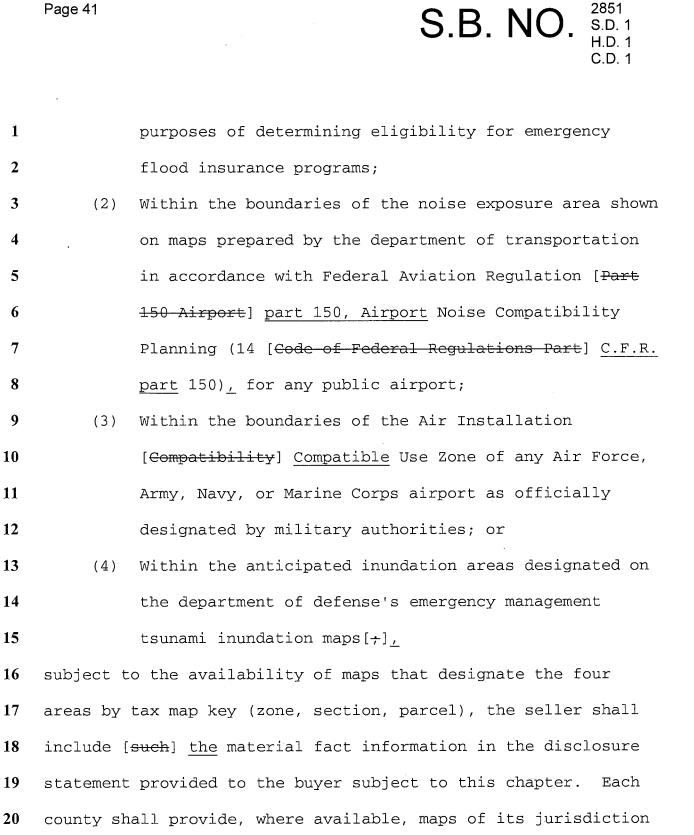
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detailing the four designated areas specified in this 21





1 subsection. The maps shall identify the properties situated 2 within the four designated areas by tax map key number (zone, 3 section, parcel) and shall be of a size sufficient to provide 4 information necessary to serve the purposes of this section. 5 Each county shall provide legible copies of the maps and may 6 charge a reasonable copying fee." 7 SECTION 33. Section 514B-43, Hawaii Revised Statutes, is 8 amended by amending subsection (a) to read as follows: 9 "(a) For purposes of this section: [(1) "Visible commencement of operations" shall have the 10 11 meaning it has in section 507-41; and 12 (2) "Lien" means a lien created pursuant to chapter 507, 13 part II. 14 "Visible commencement of operations" shall have the meaning 15 it has in section 507-41." 16 SECTION 34. Section 514E-19, Hawaii Revised Statutes, is amended by amending subsections (a) and (b) to read as follows: 17 18 "(a) An escrow for the sale of a time share interest in a 19 time share ownership plan may close only if the requirements of any one of the following alternatives for protecting the 20 21 purchaser have been satisfied:





1	(1)	The time share interest is conveyed to the purchaser
2		free and clear of any blanket liens $[-]_{i}$
3	(2)	The time share unit is conveyed to a trustee:
4		(A) Free and clear of any blanket liens under a trust
5		meeting the requirements of sections 514E-22 and
6		[23;] <u>514E-23;</u> or
7		(B) Under a lien payment trust meeting the
8		requirements of sections 514E-22, [23, 24, and
9		25.] <u>514E-23, 514E-24, and 514E-25;</u>
10	(3)	(A) The time share interest is conveyed to the
11		purchaser subject only to blanket liens:
12		(i) Where every person holding an interest in
13		the blanket lien has executed and recorded a
14		nondisturbance agreement; or
15		(ii) For which the director's acceptance of a
16		surety bond or an irrevocable letter of
17		credit meeting the requirements of section
18		514E-28 has been recorded with respect to
19		that time share unit; and



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1		(B)	If legal or equitable title will be held by
2			anyone other than the purchaser, a notice of time
3			share plan is recorded[-]; or
4	(4)	The	requirements of any alternative arrangements
5		acce	pted by the director have been met.
6	(b)	An e	scrow for the sale of a time share interest in a
7	time shar	e use	plan may close only if the requirements of any
8	one of th	e fol	lowing alternatives for protecting purchasers have
9	been sati	sfied	:
10	(1)	The	time share unit is conveyed to a trustee:
11		(A)	Free and clear of any blanket liens under a trust
12			meeting the requirements of sections 514E-22 and
13			[23;] <u>514E-23;</u> or
14		(B)	Under a lien payment trust meeting the
15			requirements of sections 514E-22, [23, 24, and
16			25.] <u>514E-23, 514E-24, and 514E-25;</u>
17	(2)	A no	tice of time share plan is recorded and either:
18		(A)	Every person holding an interest in a recorded
19			blanket lien against any time share interests in
20			that time share unit executes and records a
21			nondisturbance agreement; or



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1		(B) The director's acceptance of a surety bond or an
2		irrevocable letter of credit meeting the
3		requirements of section 514E-28 is recorded[+];
4		or
5	(3)	The requirements of any alternative arrangements
6		accepted by the director have been met."
7	SECTI	ION 35. Section 514E-25, Hawaii Revised Statutes, is
8	amended by	γ amending subsections (a), (b), and (c) to read as
9	follows:	
10	"(a)	The lien payment deposit shall consist of either [(i)
11	nondelingu	ent]:
12	(1)	Nondelinquent purchase money contracts from purchasers
13		of time share interests in the time share plan; or
14		[(ii) other]
15	(2)	Other assets deposited into trust by the developer and
16		approved by the director.
17	(b)(1)	The purchase money contracts [must] shall have an
18		aggregate remaining principal balance of not less
19		than, and any other assets deposited $[must]$ shall have
20		a liquidated value of not less than, one hundred ten
21		per cent of the difference between [(i) the] <u>:</u>



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1		(A)	The aggregate remaining principal balance owing
2			under blanket liens against the time share unit
3			or time share interests in it, including any
4			prepayment penalties, release prices, and similar
5			charges[, (ii) the] <u>; and</u>
6		<u>(B)</u>	The amount of money, or its equivalent, in the
7			trust and available at any time to be applied to
8			the reduction of the principal balance of the
9			blanket lien.
10		The	developer shall have the burden of establishing <u>,</u>
11		to t	he satisfaction of the director, the liquidated
12		valu	e of assets other than purchase money contracts
13		from	purchasers in the time share plan.
14	(2)	If t	he blanket lien payment deposit consists of
15		purc	hase money contracts, the payments required to be
16		made	by purchasers under the contracts shall:
17		(A)	Be due on or before the dates on which payments
18			become due on the blanket liens;
19		(B)	If paid when due, be equal to at least one
20			hundred ten per cent of the amount required to be

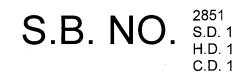


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1		paid on the blanket liens on [such] <u>that</u> date;
2		and
3		(C) Be sufficient to pay, in full, during the term of
4		[such] those contracts:
5		(i) [all] <u>All</u> amounts secured by the blanket
6		liens, including prepayment penalties and
7		release prices, if any; and
8		(ii) [all] <u>All</u> service charges payable to the
9		trustee, any collection agent, and any other
10		servicing agent pursuant to the trust
11		instrument.
12	(3)	If the developer proposes to deposit into trust assets
13		other than purchase money contracts, [such] <u>those</u>
14		assets [must] <u>shall</u> be sufficient to pay debt service
15		installments on the blanket lien as they become due
16		and to create a sinking fund or other arrangement
17		adequate to extinguish the debt secured by the blanket
18		lien at its maturity.
19	(c)(1)	In lieu of the requirements of subsection (b), the
20		developer may elect to follow the requirements of



1	paragraph	s (2), (3), (4), and (5) [of this subsection]
2	if the fo	llowing requirements are met:
3	(A) The	developer owns or leases under a lease for a
4	term	of not less than thirty years all the
5	nonc	ommercial portions of a hotel, condominium,
6	coor	erative, or other project;
7	(B) No m	ore than seventy-five per cent of the
8	appr	aised value of the project is subject to a
9	mort	gage or other lien. The appraised value
10	shal	l be based on the use of the project prior to
11	the	creation of the time share plan;
12	(C) [(i)] As security for the obligations of the
13	deve	loper to the owners[, the]:
14	<u>(i)</u>	The developer executes and records a
15		mortgage in favor of the trustee under the
16		lien payment trust or the association, in
17		either case as trustee on behalf of the
18		owners, twenty-five per cent of the
19		appraised value of the project; or
20	(ii)	[the] The developer conveys or transfers the
21		project to a trust meeting the requirements



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1 of sections 514E-22 and [23,] 514E-23, and 2 under the terms of the trust instrument the 3 twenty-five per cent of the beneficial interest in the trust is held for the 4 5 benefit of, or conveyed or transferred to, 6 the association, acting as trustee for the 7 owners [, as security for the obligations of 8 the developer to owners]; and 9 The developer files a verified statement of the (D) 10 program of financing, acceptable to the director, 11 containing a cash flow analysis showing that the 12 developer has adequate funds to pay the debt service installments on the blanket liens on the 13 14 project during the sales period and to extinguish the debt secured by the blanket lien at its 15 16 maturity, whether from sales proceeds, loan commitments, income from operations of the 17

19 (2) The purchase money contracts [must] shall have an
20 aggregate remaining principal balance of not less
21 than, and any other assets deposited [must] shall have

project, or other sources.



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1		a liquidated value of not less than, one hundred ten
2		per cent of the difference between $\left[\frac{(i)}{a}\right]$:
3		(A) A pro rata share of the aggregate remaining
4		principal balance owing under blanket liens
5		against the time share unit or time share
6		interests in it, including any prepayment
7		penalties, release prices, and similar charges[$ au$
8		(ii) a] <u>; and</u>
9		(B) A pro rata share of the amount of money, or its
10		equivalent, in the trust and available at any
11		time to be applied to the reduction of the
12		principal balance of the blanket lien.
13		The developer shall have the burden of establishing,
14		to the satisfaction of the director, the liquidated
15		value of assets other than purchase money contracts
16		from purchasers in the time share plan.
17	(3)	If the blanket lien payment deposit consists of
18		purchase money contracts, the payments required to be
19		made by purchasers under the contracts [must:] shall:
20		(A) Be due on or before the dates on which payments
21		become due on the blanket liens;



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(B) If paid when due, be equal to at least one
hundred ten per cent of a pro rata share of the
amount required to be paid on the blanket liens
on [such] that date; and
(C) Be sufficient to pay, in full, during the term of
[such] those contracts:
(i) $[\frac{1}{4}]$ A pro rata share of all amounts secured
by the blanket liens, including prepayment
penalties and release prices, if any; and
(ii) [all] <u>All</u> service charges payable to the
trustee, any collection agent, and any other
servicing agent pursuant to the trust
instrument.
If the developer proposes to deposit into trust assets
other than purchase money contracts, [such] <u>those</u>
assets [must] <u>shall</u> be sufficient to pay a pro rata
share of the debt service installments on the blanket
lien as they become due and to create a sinking fund
or other arrangement adequate to extinguish the debt
secured by the blanket lien at its maturity.



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1 (5) For purposes of this subsection, the term "pro rata 2 share" means a share proportionate to the ratio that the number of time share units in which the sale of 3 time share interests have been closed bears to the 4 5 total number of time share units in the project. No 6 more than fifty-one weeks of use annually may be 7 attributed to each time share unit in determining the 8 pro rata share.

9 (6) The developer may elect to terminate the use of the
10 provisions of this subsection upon satisfying all of
11 the requirements of either subsection (b) or section
12 514E-26(c)."

13 SECTION 36. Section 516-1, Hawaii Revised Statutes, is 14 amended by amending the definition of "owner's basis" to read as 15 follows:

16 ""Owner's basis" means the value of the lessor's leased fee
17 interest in the lot that would apply if [such] the interests
18 were normally traded on an open market. The fair market value
19 of the owner's basis shall be established to provide the lessor
20 with just compensation for the lessor's interests in the lot and
21 shall take into consideration every interest and equity of the





lessee in establishing that market value. The value may be
 determined by either of the following methods, or any other
 method [which] that is normally used by qualified appraisers in
 establishing the fair market value of a lessor's leased fee
 interest in land:

6 (1) The sum of: [(i) the]
7 (A) The future rental income stream for the lot for
8 the term of the lease discounted to present worth
9 from the expiration date of the lease; and [(ii))
10 the]

11 (B) The value of the lessor's reversionary interest
12 in the lot discounted to present worth from the
13 expiration date of the lease.

14The discount rate shall be based on the maximum rate15of return for insured passbook demand [saving] savings16account paid by the savings and loan institutions in17Hawaii plus three and three-fourths per cent;18provided[, however,] that the discount rate may be19modified by mutual agreement of the lessor, lessee,20and the corporation; or



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1	(2)	The	current fair market value of the lot, valued as if
2		it w	ere a fee simple lot and as if the fee title were
3		unen	cumbered, and excluding onsite improvements,
4		esta	blished by a market data approach utilizing
5		comp	arable sales, less the following:
6		(A)	The value of the lease, including any rights
7			therein, if any, [which] <u>that</u> accrues to the
8			lessee;
9		(B)	That percentage of the general enhancement of the
10			neighborhood [which] <u>that</u> has been paid for or
11			contributed directly or indirectly by the lessee;
12		(C)	The current replacement cost of that portion of
13			existing offsite improvements, including overhead
14			and profit at prevailing rates, [which] <u>that</u> were
15			paid for or otherwise contributed, directly or
16			indirectly, by the lessee;
17		(D)	That percentage of the general enhancement of the
18			development tract and the lot caused by the
19			onsite improvements on the lot paid for, or
20			contributed, directly or indirectly, by the
21			lessee;



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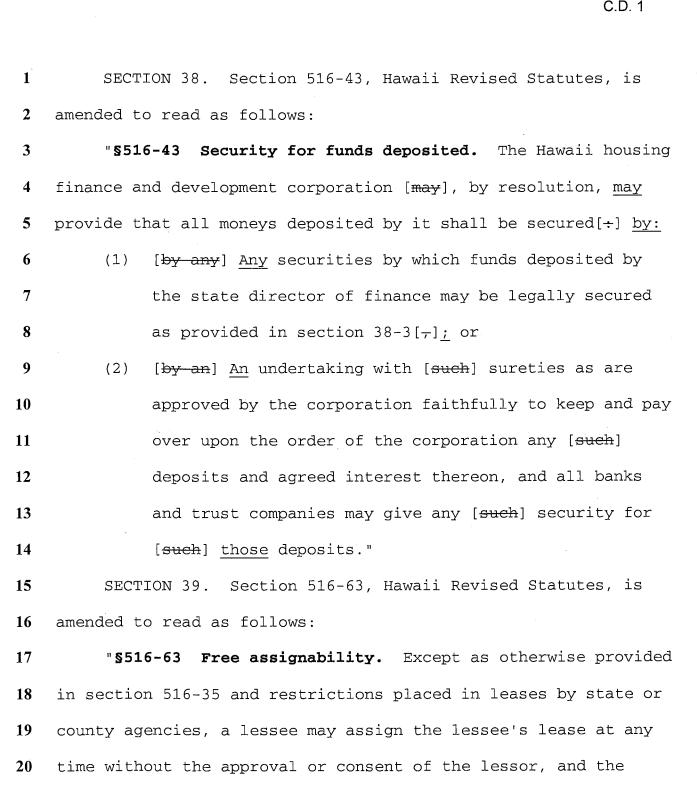
1	(E)	That amount, not otherwise deducted herein,
2		allocated to the lot[, which] <u>that</u> was paid for
3		or otherwise contributed, directly or indirectly.
4		by the original lessee, computed at prevailing
5		rates for overhead and profit in developing the
6		development tract established by existing
7		practice in the community; and
8	(F)	That amount for fees and costs [which] that would
9		ordinarily be borne by <u>the</u> lessor in transferring
10		$[such]$ interest to the lessee, including $[\tau]$ but
11		not limited to $[\tau]$ attorneys' or realtors'
12		commissions, other costs of sale, and similar
13		fee;
14	prov	ided[, however,] that the values established by
15	any	one of the [foregoing] provisions in subparagraphs
16	<u>(A)</u>	to (F) shall not be duplicated in any one of the
17	othe	r provisions."
18	SECTION 3	7. Section 516-32, Hawaii Revised Statutes, is
19	amended to rea	d as follows:
20	"§516-32	Not for profit. It is declared to be the policy
21	of the State t	hat the Hawaii housing finance and development



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corporation shall carry out its responsibilities under this part 1 in an efficient manner so as to enable it to fix the sales 2 prices and rentals for residential lots at the lowest possible 3 4 rates consistent with the purpose of this part; and that the corporation shall not administer this part for $profit[_{T}]$ or as a 5 source of revenue to the State. To this end, the corporation 6 shall fix the sales prices for residential lots or rentals for 7 8 lots at no higher rates or prices than it shall find to be necessary in order to produce revenues [which] that (together 9 with all other available moneys, revenues, income, and receipts 10 of the corporation from whatever sources derived under the 11 12 administration of this part) will be sufficient [+] to: [to pay,] Pay, as the same becomes due, the principal 13 (1)14 and interest on the bonds of the corporation; [to meet] Meet the cost of [-7] and [to] provide for the 15 $(2)^{-1}$ 16 administration of this part; and [to create] Create a reserve sufficient to meet the 17 (3) largest principal and interest payments [which] that 18 19 will be due on [such] the bonds in any one year thereafter and to maintain [such] the reserve." 20

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21 assignee shall have the same rights and obligations under the



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1 lease as the original lessee; provided that no [such] assignment
2 shall be effective to transfer any interest in the lease unless
3 the lessor has received:

- 4 (1) [either] Either a true executed copy of [such] the
 5 assignment or written notice thereof[7];
- 6 (2) [a] <u>A</u> reasonable service charge, except in case of an
 7 assignment by way of mortgage or assignment to or by
 8 the Federal Housing Administration [or], Department of
 9 Veterans Affairs, or [the] Federal National Mortgage
 10 Association or a foreclosure of mortgage or assignment
 11 in lieu of foreclosure[7]; and
- 12 (3) [the] The written undertaking of the assignee to (
 13 perform all obligations of the lessee under the lease,
 14 which undertaking may be incorporated in [such] the
 15 assignment.

16 No [such] assignment shall release the assignor from liability 17 under the lease unless the lessor consents in writing to the 18 assignment. A consent to the assignment shall be deemed a 19 consent to the release of the assignor from liability under the 20 lease. The lessor shall not require payment of any money for 21 the lessor's consent except the service charge, nor withhold

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[such] consent unreasonably. Any person acquiring the leasehold 1 estate in consideration of the extinguishment of a debt secured 2 by mortgage of the lease or through foreclosure sale, judicial 3 or otherwise, shall be liable to perform the obligations imposed 4 on the lessee by the lease only during the period [such] the 5 person has possession or ownership of the leasehold estate." 6 SECTION 40. Section 516-66, Hawaii Revised Statutes, is 7 amended to read as follows: 8

"§516-66 Lease rental. (a) In every case of an extension 9 under section 516-65, the annual lease rental during the first 10 thirty years shall not exceed an amount determined as follows: 11 Compute to the nearest whole year, one hundred per 12 (1) cent of the unexpired period of fixed rent at the 13 commencement of the extended term; 14 Multiply the number of years computed in paragraph (1) 15 (2)

16 by the fixed annual rent in effect immediately prior17 to the extension;

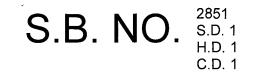
18 (3) Deduct from thirty years the number of years computed
19 in paragraph (1) and multiply that difference by the
20 annual rent determined by mutual agreement of lessor
21 and lessee within thirty days after [such] the



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1		extension or by arbitration in [accord] accordance
2		with chapter 658A; and
3	(4)	Add the amounts computed in paragraphs (2) and (3) and
4		divide that sum by thirty. This sum rounded to the
5		nearest dollar shall be the annual rent for the first
6		thirty years of the extended term; provided that
7		[such] <u>the</u> rent shall not [without the consent of the
8		lessor] be less than the annual rent in effect
9		immediately prior to [such] <u>the</u> extension[.], <u>unless</u>
10		otherwise consented to by the lessor.
11	<u>(b)</u>	The annual rent payable [hereunder] under subsection
12	(a) for a	nd during the remaining period of the extended term
13	shall be	determined by mutual agreement of the lessor and the
14	lessee[$_{7}$]	or <u>,</u> if they fail to reach [such] <u>an</u> agreement at least
15	ninety da	ys before the commencement of the period, by
16	arbitrati	on in accordance with chapter 658A."
17	SECT	ION 41. Section 519-3, Hawaii Revised Statutes, is
18	amended by	y amending subsection (d) to read as follows:
19	"(d)	For purposes of this section:
20	[(1)] "Cooperative housing corporation" means a
21	corporatio	on:





1	[-(A)]	(1) Having [one and] only one class of stock
2		outstanding;
3	[(B)]	(2) Each of the stockholders of which is entitled,
4		solely by reason of the shareholder's ownership of
5		stock in the corporation, to occupy for dwelling
6		purposes the dwelling unit in a building[$ au$] owned or
7		leased by the corporation[$ au$] and situated on land
8		leased by the corporation;
9	[(C)]	(3) No stockholder of which is entitled [(either],
10		either conditionally or unconditionally[+], to receive
11		any distribution not out of earnings and profits of
12		the corporation, except in a complete or partial
13		liquidation of the corporation; and
14	[(D)]	(4) Eighty per cent or more of the gross income for
15		the taxable year in which the taxes and interest
16		described in <u>title</u> 26 United States Code section
17		216(a) are paid or incurred is derived from tenant
18		stockholders.
19	[(2)	-] "Offsite improvements" means all physical
20	improveme	ents [such as], including but not limited to $[-7]$ roads,
21	sewer lin	nes, sewage treatment plants, and underground utility





cables, constructed or placed in a subdivision or development
 off the land intended for occupancy, which improvements are to
 be used in common by occupants of all lands adjoining [such] the
 improvements or by occupants of all lands for whose benefit the
 improvements have been constructed or placed.

[(3)] "Onsite improvements" means all physical
improvements placed on a residential lot intended for occupancy,
which improvements are for the benefit of occupants of that lot,
including[7] but not limited to[7] dwelling units, garages,
service buildings, stairs, walkways, driveways, walls, trees,
shrubs, landscaping, and pools.

[4] --- "Owner's basis" means the value of the lessor's 12 leased fee interest in the property that would apply if such 13 14 interest were normally traded on an open market. The fair market value of the owner's basis shall be established to 15 provide-the lessor with just compensation for the lessor's 16 interests in the lot and shall take into consideration every 17 interest and equity of the lessee in establishing that market 18 19 value. The value may be determined by any method which is 20 normally used by qualified appraisers in establishing the fair market value of a lessor's leased fee interest in land. 21



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"Original percentage rate" means the percentage 1 (5)] 2 derived by dividing the annual lease rent established for the 3 first fixed rent period under the lease by the fair market value 4 of the land as of the first day of the first fixed rent period. 5 "Owner's basis" means the value of the lessor's leased fee 6 interest in the property that would apply if the interest were normally traded on an open market. The fair market value of the 7 8 owner's basis shall be established to provide the lessor with 9 just compensation for the lessor's interests in the lot and 10 shall take into consideration every interest and equity of the 11 lessee in establishing that market value. The value may be 12 determined by any method that is normally used by qualified 13 appraisers in establishing the fair market value of a lessor's 14 leased fee interest in land." SECTION 42. Section 554-10, Hawaii Revised Statutes, is 15 amended by amending subsection (a) to read as follows: 16 "(a) In the administration of any trust [which] that is a 17 18 "private foundation", as defined in section 509 of the Code or to which section 4947 of the Code applies, the following shall 19

20 be prohibited:



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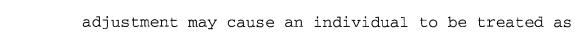
1	[(i)]	<u>(1)</u> Engaging in any act of "self-dealing" [(as] <u>, as</u>
2		defined in section $4941(d)$ of the Code[+];
3	[(ii)]	<u>(2)</u> Retaining any "excess business holdings" [(as],
4		<u>as</u> defined in section $4943(c)$ of the Code[+];
5	[(iii)]	(3) Making any investments in [such] <u>a</u> manner as to
6		subject it to tax under section 4944 of the Code; and
7	[(iv)]	(4) Making any "taxable expenditures" [(as] <u>, as</u>
8		defined in section $4945(d)$ of the Code[+];
9	provided	that this subsection $[-(a)]$ shall not apply to $[such]$
10	amounts o	of any trust to which section 4947(a)(2) of the Code
11	applies <u>,</u>	as [are] described in the second sentence of [said]
12	section 4	1947(a)(2) of the Code, and [items (ii) and (iii) of
13	this-subs	section (a)] paragraphs (2) and (3) shall not apply to
14	any trust	to which [said] section 4947(a)(2) of the Code applies
15	[which is] <u>, as</u> described in section 4947(b)(3) of the Code."
16	SEC	TION 43. Section 557A-104, Hawaii Revised Statutes, is
17	amended b	by amending subsection (c) to read as follows:
18	" (C)	A trustee may not make an adjustment:
19	(1)	That diminishes the income interest in a trust that
20		requires all of the income to be paid at least
21		annually to a surviving spouse and for which an estate



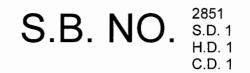
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1		tax or gift tax marital deduction would be allowed, in
2		whole or in part, if the trustee did not have the
3		power to make the adjustment;
4	(2)	That reduces the actuarial value of the income
5		interest in a trust to which a person transfers
6		property with the intent to qualify for a gift tax
7		exclusion;
8	(3)	That changes the amount payable to a beneficiary as a
9		fixed annuity or a fixed fraction of the value of the
10		trust's assets;
11	(4)	From any amount that is permanently set aside for
12		charitable purposes under a will or the terms of a
13		trust, unless both income and principal are so set
14		aside; provided that a trustee may transfer income to
15		principal only upon a court order (unless the trustee
16		is holding institutional funds as defined in section
17		[517D-3] 517E-2 exclusively for the benefit of a
18		community foundation and section $[517D-4]$ $517E-4$
19		applies);
20	(5)	If possessing or exercising the power to make an

21



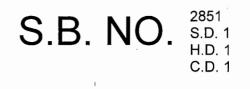




1 the owner of all or part of the trust for income tax 2 purposes, and the individual would not be treated as 3 the owner if the trustee did not possess the power to 4 make an adjustment; 5 (6) If possessing or exercising the power to make an 6 adjustment causes all or part of the trust assets to 7 be included for estate tax purposes in the estate of 8 an individual who has the power to remove a trustee or 9 appoint a trustee, or both, and the assets would not 10 be included in the estate of the individual if the 11 trustee did not have the power to make an adjustment; 12 or 13 If the trustee is a beneficiary of the trust." (7) SECTION 44. Section 571-21, Hawaii Revised Statutes, is 14 15 amended by amending subsection (d) to read as follows: 16 (d) In children's cases $[\tau]$ under section 571-11(1) and 17 (2), the petition and all subsequent court documents shall be 18 suitably entitled so as to indicate that the proceeding is in 19 the interest of rather than against the child or minor involved. 20 The petition shall be verified and statements may be made upon

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1	information and belief. $[H]$ The petition shall set forth		
2	plainly[÷] the:	
3	(1)	[the facts which] Facts that bring the child within	
4	•	the purview of this chapter;	
5	(2)	[the name,] Name, age, and residence of the child;	
6	(3)	[the names] <u>Names</u> and residences of the child's	
7		parents; and	
8	(4)	[the name] Name and residence of the child's legal	
9		guardian if there [be] <u>is</u> one, of the person or	
10		persons having custody or control of the child, or of	
11		the nearest known relative if no parent or guardian	
12		can be found.	
13	If any of	the facts required are not known by the petitioner <u>,</u>	
14	the petition shall so state. In cases brought pursuant to		
15	section 571-11(2)(A) and (C), a certified copy of the child's		
16	school attendance records shall constitute prima facie evidence		
17	of the child's nonattendance at school or nonreceipt of		
18	educational services. [A certified copy is defined as]		
19	"Certified copy" means a copy signed by the principal and		
20	educator of the child [from] whose class the child did not		
21	attend."		



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1 SECTION 45. Section 571-31, Hawaii Revised Statutes, is 2 amended by amending subsection (b) to read as follows: 3 "(b) When an officer or other person takes a child into 4 custody, the parents, guardian, or legal custodian shall be 5 notified immediately. The child shall be: [released] Released to the care of the child's parent 6 (1)7 or other responsible adult; 8 [referred] Referred or delivered to the court or other (2)9 designated agency with or without simultaneous release 10 to parent or other responsible adult; or 11 (3) [taken] Taken directly to a detention facility $[\tau]$ if 12 the child's immediate welfare or the protection of the 13 community requires $it[_7]$ or if the child is subject to 14 detention for violation of a court order of probation 15 or protective supervision." SECTION 46. Section 577-15, Hawaii Revised Statutes, is 16 17 amended to read as follows: 18 "§577-15 Children deemed to be orphans. For the purpose 19 of taking, or determining eligibility to take, any benefit under 20 any law or under any private instrument by the terms of which orphans are eligible to receive benefits, a child born [of] to 21



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1 parents not married to each other and not adopted shall be 2 deemed an orphan; provided that nothing in this section shall be 3 construed to:

(1) [to-deprive] Deprive any [such] child of any rights of
inheritance, [or] any rights to support, or any other
rights[7] to which the child would be entitled[7]; or
(2) [to-affect] Affect the liabilities of any other person
with respect to any [such] child to which the person
would be subject[7] if this section had not been
enacted."

SECTION 47. Section 578-7, Hawaii Revised Statutes, is amended to read as follows:

13 "§578-7 Substituted or constructive service. Upon the 14 filing of the affidavit referred to in section 578-6, the court 15 may order service of the notice prescribed in sections 578-2 and 16 578-4 to be made as follows:

17 (1) Personal service or service by registered mail without
18 the State. If the residence of a nonresident legal
19 parent is known or is ascertained at any stage of the
20 proceeding prior to the filing of a return of service
21 pursuant to section 578-5, the court may order that



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1	service of notice of the time and place of hearing of
2	the petition and of a copy thereof and of a copy of
3	the court's order be made upon [such] the parent by:
4	(A) [by personal] <u>Personal</u> service thereof, without
5	the State, by [such] <u>a</u> person and in [such] <u>a</u>
6	manner as the court may direct $[\tau]$; or
7	(B) [by sending] <u>Sending</u> certified copies of the
8	petition and of the notice of the time and place
9	of the hearing thereof and of the court's order,
10	by registered mail, addressed to [such] <u>the</u>
11	parent, with request for return receipt, which
12	service, evidenced by [such] <u>the</u> receipt signed
13	by the parent and returned to the clerk of the
14	court, shall be regarded as equivalent to service
15	by publication or in lieu thereof.
16	When service is made pursuant to this paragraph, the
17	time appointed for the hearing of the petition shall
18	be not less than twenty-one days subsequent to the
19	date of service as [herein] provided[-] in this
20	paragraph.



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Service by publication. If the residence of [such] a 1 (2) 2 parent is not known and cannot be ascertained, or if an attempt to effect service by either of the methods 3 authorized in paragraph (1) [hereof] is unsuccessful, 4 the court may order that service shall be made by 5 publication. The order shall direct that publication 6 of notice of the pendency of the petition and of the 7 time and place of the hearing thereof be made in a 8 newspaper or newspapers suitable for the advertisement 9 of notices of judicial proceedings once in each week 10 for not less than four successive weeks as the court 11 may prescribe, the last publication to be not less 12 than twenty-one days prior to the time appointed for 13 14 the hearing of the petition. The court [may], in 15 addition to ordering publication, may direct that a copy of the petition and notice be forthwith deposited 16 in the post office, addressed to [such] the parent at 17 18 the parent's last known place of residence. The service of the notice required by section 578-2 shall 19 be deemed complete at the expiration of the time 20 prescribed by the order of publication." 21



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SECTION 48. Section 580-3.5, Hawaii Revised Statutes, is
 amended to read as follows:

3 "[+]§580-3.5[+] Personal judgment against absent 4 defendant. In any proceeding in the family court, the court 5 [shall have the power to] may render a personal judgment against 6 a party who is outside of this State and over whom jurisdiction is acquired by service of process in the manner set forth in 7 8 section 580-3(b) or (c), if the party was personally served with 9 a copy of the summons or order to show cause and complaint or 10 other pleading upon which the judgment is based and if the party was a domiciliary of this State at the time: 11

12 (1) [at the time that the] The cause of action [which]
13 that is the subject of the proceeding arose[, or];

14 (2) [at the time of] Of the commencement of the

15 proceeding $[\tau]$; or

16 (3) [at the time of] Of service."

SECTION 49. Section 831-3.1, Hawaii Revised Statutes, isamended by amending subsection (f) to read as follows:

19 "(f) Notwithstanding any law to the contrary, this section20 shall not apply to:



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1	(1)	Denials by the department of human services, the
2		department of health, or any other branch, political
3		subdivision, or agency of any certificate of approval,
4		license, or permit to any organization, institution,
5		home, or facility subject to licensure under chapters
6		321, 333F, and 346;
7	(2)	Denials of employment as a staff member of a youth
8		correctional facility operated under chapter 352;
9	(3)	Denials of employment as an employee of a detention or
10		shelter facility established or designated pursuant to
11		section 571-33;
12	(4)	Denials of employment as a staff member of a
13		correctional facility pursuant to chapter 353, or as a
14		staff member that requires the exercise of police
15		powers, including the power to arrest, in the
16		performance of the staff member's duties pursuant to
17		chapter 353C;
18	(5)	Denials of employment of applicants or employees
19		pursuant to section 78-2.7;
20	(6)	Denials or termination of employment as an employee,
21		employee applicant, or employee or agent of a



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1		contractor of the department of taxation with access
2		to federal tax information pursuant to section 231-
3		1.6;
4	(7)	Denials or termination of employment as an employee,
5		employee applicant, or employee or agent of a
6		contractor of the department of human services with
7		access to federal tax information pursuant to section
8		346-2.5;
9	(8)	Denials or termination of employment as an employee,
10		employee applicant, or employee or agent of a
11		contractor of the department of labor and industrial
12		relations with access to federal tax information
13		pursuant to section 383-110; and
14	(9)	Denials or termination of employment as an employee,
15		employee applicant, or employee or agent of a
16		contractor of the child support enforcement agency
17		with access to federal tax information pursuant to
18		section 576D-11.5."
19	SECT:	ION 50. Section 235-12, Hawaii Revised Statutes, is
20	repealed.	

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1	[" §235-12 Energy conservation; income tax credit. (a)
2	For taxable years ending before January 1, 1990, except in the
3	case of ice storage systems for taxable years ending before
4	January 1, 1991, each individual and corporate resident taxpayer
5	who files an individual or corporate net income tax return for a
6	taxable-year, may claim a tax credit under this section against
7	the Hawaii state individual or corporate net income tax. The
8	tax credit may be claimed for any solar or wind energy device,
9	heat pump, or ice storage system in an amount not to exceed ten
10	per cent of the total cost of the device, heat pump, or ice
11	storage system; provided that the tax credit shall apply only to
12	the actual cost of the solar or wind energy device, the heat
13	pump, or ice storage system, their accessories, and installation
14	and shall not include the cost of consumer incentive premiums
15	unrelated to the operation of the solar or wind energy device,
16	the heat pump, or ice storage system offered with the sale of
17	the solar or wind energy device, the heat pump, or ice storage
18	system. The credit shall be claimed against net income tax
19	liability for the year in which the solar or wind energy device,
20	the heat pump, or ice storage system was purchased and placed in
21	use; provided:



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1	(1)	The tax credit shall be applicable only with respect
2		to solar devices, which are erected and placed in
3		service after December 31, 1974, but before January 1,
4		1990;
5	-(-2-)-	In the case of wind energy devices and heat pumps, the
6		tax credit shall be applicable only with respect to
7		wind energy devices and heat pumps which are installed
8		and placed in service after December 31, 1980, but
9		before January 1, 1990; and
10	(3)	In the case of ice storage systems, the tax credit
11		shall be applicable only with respect to ice-storage
12		systems which are installed and placed in service
13		after December 31, 1985, but before January 1, 1990.
14	Tax credi	ts which exceed the taxpayer's income tax liability may
15	be used a	s a credit against the taxpayer's income tax liability
16	in subseq	uent years until exhausted. If federal energy tax
17	credits a	re-not extended beyond December 31, 1985, are not
18	retroacti	vely extended or reenacted, or federal energy tax
19	credits t	he same as or less in amount than the credits in effect
20	during th	e-1985 taxable-year are not-enacted during the taxable
21	ycar 1986	, then the state tax credit shall be increased to



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1	fifteen per cent of the total cost after December 31, 1985, but
2	before January-1,-1990.
3	As used in this subsection:
4	"Solar or wind energy-device" means any new identifiable
5	facility, equipment, apparatus, or the like which makes use of
6	solar or wind energy for heating, cooling, or reducing the use
7	of other types of energy dependent upon fossil fuel for their
8	generation.
9	"Heat pump" means and refers to an electric powered
10	compression heating system which extracts energy from warm
11	ambient air or recovers waste heat to assist in the production
12	of hot water.
13	"Ice storage system" refers to ice banks or other cool
14	energy storage tanks, containers, accessories, and controls that
15	are specifically designed to store ice or chilled fluids for the
16	express purpose of shifting the consumption of energy to off-
17	peak-periods.
18	(b) For taxable years beginning after December 31, 1989,
19	each individual or corporate resident taxpayer who files an
20	individual or corporate net income tax return for a taxable
21	year, may claim a tax credit under this section against the



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1	Hawaii st	ate individual or corporate net income tax. The tax
2	credit ma	y-be-claimed as follows:
3	(1)	For wind energy systems that are installed and placed
4		in service after December 31, 1989, but before July 1,
5		2003, the credit shall be twenty per cent of the
6		actual cost;
7	(2)	For solar energy systems that are installed and placed
8		in service after December 31, 1989, but before July 1,
9		2003, on new and existing single family residential
10		buildings, the credit shall be in an amount not to
11		exceed thirty-five-per cent or \$1,750, whichever is
12		less, of the actual cost of the solar energy system;
13	(3)	For solar energy systems that are installed and placed
14		in service after December 31, 1989, but before July 1,
15		2003, on new and existing multiunit buildings used
16		primarily for residential purposes, the credit shall
17		be in an amount not to exceed thirty five per cent or
18		\$350 per building unit, whichever is less, of the
19		actual cost of the solar energy system;
20	(4)	For solar energy systems that are installed and placed
21		in service-after December 31, 1989, but before July 1,



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1		2003, in new and existing hotel, commercial, and
2		industrial facilities, the credit shall be in an
·3		amount not to exceed thirty five per cent of the
4		actual cost of the solar energy system;
5	(5)	For heat pumps that are installed and placed in
6		service after December 31, 1989, but before July 1,
7		2003, in new and existing single family residential
8		buildings, the credit shall be in an amount not to
9		exceed twenty per cent or \$400, whichever is less, of
10		the actual cost of the heat pump;
11	(6) -	For heat pumps that are installed and placed in
12		service after December 31, 1989, but before July 1,
13		2003, in new-and existing multiunit buildings used
14		primarily for residential purposes, the credit shall
15		be in an amount not to exceed twenty per cent or \$200
16		per building unit, whichever is less, of the actual
17		cost of the heat pump; provided that a licensed
18		professional engineer reviews the design of the system
19		and provides a written opinion that the system, in
20		accordance with recognized engineering practice, is
21		designed to provide not less than ninety per cent of



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1		the daily annual average hot water needs of all of the
2		occupants of the building;
3	(7)	For heat pumps that are installed and placed in
4		service after December 31, 1989, but before July 1,
5		2003, in new and existing hotel, commercial, and
6		industrial facilities, the credit shall be in an
7		amount not to exceed twenty per cent of the actual
8		cost of the heat pump; and
9	(8)	For-ice-storage systems that are installed and placed
10		in service after December 31, 1990, but before July-1,
11		2003, the credit shall be in an amount not to exceed
12		fifty per-cent of the actual cost of the ice storage
13		system.
14	The per-u	nit of actual cost of a solar energy system or heat
15	pump refe	rred to in subsection (b)(3) and (6) shall be
16	determine	d-by multiplying the actual cost of the solar energy
17	system or	-heat pump installed and placed in service in the
18	multiunit	building by a fraction, the numerator being the total
19	square fe	et of that unit in the multiunit building, and the
20	denominat	or being the total square feet of all the units in the
21	multiunit	-building.



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1	If federal energy tax credits similar to any of those
2	provided in paragraphs (1) to (8) are established after June 30,
3	1998, but before July 1, 2003, then the state tax credit
4	provided in the respective paragraph or paragraphs shall be
5	reduced by the amount of the applicable federal energy tax
6	credit.
7	(c) Tax credits shall apply only to the actual cost of the
8	solar or wind energy system, heat pump, or ice storage system,
9	including their accessories and installation, and shall not
10	include the cost of consumer incentive premiums unrelated to the
11	operation of the system or offered with the sale of the system
12	or heat pump. The tax credit shall be claimed against net
13	income tax liability for the year in which the solar or wind
14	energy system, heat pump, or ice storage system was purchased
15	and placed in use in Hawaii. Tax credits that exceed the
16	taxpayer's income tax liability may be used as credit against
17	the taxpayer's income tax liability in subsequent years until
18	exhausted.
19	(d) The director of taxation shall prepare such forms as
20	may be necessary to claim a credit under this section. The
21	director may also require the taxpayer to furnish reasonable



S.B. NO. ²⁸⁵¹ S.D. 1 H.D. 1 C.D. 1

1	information to ascertain the validity of the claim for credit
2	made under this section and may adopt rules necessary to
3	effectuate the purposes of this section pursuant to chapter 91.
4	(e) As used in this section:
5	"Solar or wind energy system" means any new identifiable
6	facility, equipment, apparatus, or the like-that converts solar
7	insolation or wind energy to useful thermal or electrical energy
8	for heating, cooling, or reducing the use of other types of
9	energy dependent upon fossil fuel for their generation.
10	"Heat pump" means an electric powered compression heating
11	system that extracts energy from warm ambient air or recovers
12	waste heat to assist in the production of hot water.
13	"Ice-storage-system" refers to ice banks or other cool
14	energy storage tanks, containers, accessories, and controls that
15	are specifically designed to store ice or chilled fluids for the
16	express purpose of shifting the consumption of energy to off-
17	<pre>peak periods."]</pre>
18	SECTION 51. This Act does not affect rights and duties
19	that matured, penalties that were incurred, and proceedings that
20	were begun before its effective date.

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SECTION 52. Statutory material to be repealed is bracketed
 and stricken. New statutory material is underscored.
 SECTION 53. This Act shall take effect upon approval;
 provided that the amendments made to section 329-38(h), Hawaii
 Revised Statutes, by section 19 of this Act shall not be
 repealed when that section is reenacted on June 30, 2023,
 pursuant to section 6 of Act 66, Session Laws of Hawaii 2017.



Report Title: Revision Bill

Description:

Amends or repeals various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii for the purposes of correcting errors and references, clarifying language, and deleting obsolete or unnecessary provisions. (CD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

