
A BILL FOR AN ACT

RELATING TO THE CONVEYANCE TAX.

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

1 SECTION 1. The legislature finds that the State
2 desperately needs to increase the development and construction
3 of affordable housing units. Act 127, Session Laws of Hawaii
4 2016, established a rental housing goal of developing at least
5 22,500 rental housing units to be ready for occupancy by 2026.
6 The rental housing revolving fund, which provides low-interest
7 loans or grants to qualified owners and developers constructing
8 affordable housing units, can help to fulfill the housing need.

9 The legislature further finds that under the current
10 statute, fifty per cent or \$38,000,000, whichever is less, is
11 paid annually from the state conveyance tax into the rental
12 housing revolving fund. Over the last three fiscal years, the
13 existing cap limited rental housing revolving funds from the
14 conveyance tax to \$38,000,000. If there were no cap to these
15 funds, the rental housing revolving fund would have had an
16 increase in funds of \$9,250,000 in fiscal year 2017, \$12,300,000
17 in 2018, and \$5,000,000 in 2019.



1 Accordingly, the purpose of this measure is to remove the
2 statutory dollar amount cap on state conveyance tax moneys that
3 may be deposited into the rental housing revolving fund. This
4 will potentially increase the amount of state conveyance tax
5 funds deposited into the rental housing revolving fund, thereby
6 increasing the development, pre-development, construction,
7 acquisition, preservation, and substantial rehabilitation of
8 rental housing units.

9 SECTION 2. Section 247-7, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§247-7 Disposition of taxes.** All taxes collected under
12 this chapter shall be paid into the state treasury to the credit
13 of the general fund of the State, to be used and expended for
14 the purposes for which the general fund was created and exists
15 by law; provided that of the taxes collected each fiscal year:

16 (1) Ten per cent or \$6,800,000, whichever is less, shall
17 be paid into the land conservation fund established
18 pursuant to section 173A-5; and

19 (2) Fifty per cent [~~or \$38,000,000, whichever is less,~~]
20 shall be paid into the rental housing revolving fund
21 established by section 201H-202."



1 SECTION 3. Statutory material to be repealed is bracketed
2 and stricken.

3 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Real Estate Conveyance Tax; Disposition; Rental Housing
Revolving Fund; Cap

Description:

Removes the dollar amount cap to be paid into the rental housing revolving fund from state conveyance tax revenues. Effective 7/1/2050. (SD2)

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