

JAN 22 2021

A BILL FOR AN ACT

RELATING TO HOUSING PRODUCTION.

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

1 SECTION 1. The legislature finds that the State has a
2 housing crisis. A 2019 study commissioned by the Hawaii
3 department of business, economic development, and tourism found
4 that the State will require an additional 50,156 homes by the
5 year 2025, with the city and county of Honolulu requiring 22,168
6 new units, Hawaii county requiring 13,303 new units, Maui county
7 requiring 10,404 new units, and Kauai county requiring 4,281 new
8 housing units. While this forecast projects an acute housing
9 shortage, there has been a lack of measurable progress at the
10 county level to enact policies that will stimulate housing
11 production to meet project demand.

12 The purpose of this Act is to require the counties to focus
13 on being proactive in the production of new housing units rather
14 than reacting to individual housing projects by requiring each
15 county to annually authorize the construction of ten per cent of
16 the forecasted demand by 2025.



1 SECTION 2. Section 237D-6.5, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) Except for the revenues collected pursuant to section
4 237D-2(e), revenues collected under this chapter shall be
5 distributed in the following priority, with the excess revenues
6 to be deposited into the general fund:

7 (1) \$1,500,000 shall be allocated to the Turtle Bay
8 conservation easement special fund beginning July 1,
9 2015, for the reimbursement to the state general fund
10 of debt service on reimbursable general obligation
11 bonds, including ongoing expenses related to the
12 issuance of the bonds, the proceeds of which were used
13 to acquire the conservation easement and other real
14 property interests in Turtle Bay, Oahu, for the
15 protection, preservation, and enhancement of natural
16 resources important to the State, until the bonds are
17 fully amortized;

18 (2) \$16,500,000 shall be allocated to the convention
19 center enterprise special fund established under
20 section 201B-8;



- 1 (3) \$79,000,000 shall be allocated to the tourism special
2 fund established under section 201B-11; provided that:
- 3 (A) Beginning on July 1, 2012, and ending on June 30,
4 2015, \$2,000,000 shall be expended from the
5 tourism special fund for development and
6 implementation of initiatives to take advantage
7 of expanded visa programs and increased travel
8 opportunities for international visitors to
9 Hawaii;
- 10 (B) Of the \$79,000,000 allocated:
- 11 (i) \$1,000,000 shall be allocated for the
12 operation of a Hawaiian center and the
13 museum of Hawaiian music and dance; and
- 14 (ii) 0.5 per cent of the \$79,000,000 shall be
15 transferred to a sub-account in the tourism
16 special fund to provide funding for a safety
17 and security budget, in accordance with the
18 Hawaii tourism strategic plan 2005-2015; and
- 19 (C) Of the revenues remaining in the tourism special
20 fund after revenues have been deposited as
21 provided in this paragraph and except for any sum



1 authorized by the legislature for expenditure
2 from revenues subject to this paragraph,
3 beginning July 1, 2007, funds shall be deposited
4 into the tourism emergency special fund,
5 established in section 201B-10, in a manner
6 sufficient to maintain a fund balance of
7 \$5,000,000 in the tourism emergency special fund;

8 (4) \$103,000,000 shall be allocated as follows: Kauai
9 county shall receive 14.5 per cent, Hawaii county
10 shall receive 18.6 per cent, city and county of
11 Honolulu shall receive 44.1 per cent, and Maui county
12 shall receive 22.8 per cent; provided that commencing
13 with fiscal year 2018-2019, a sum that represents the
14 difference between a county public employer's annual
15 required contribution for the separate trust fund
16 established under section 87A-42 and the amount of the
17 county public employer's contributions into that trust
18 fund shall be retained by the state director of
19 finance and deposited to the credit of the county
20 public employer's annual required contribution into
21 that trust fund in each fiscal year, as provided in



1 section 87A-42, if the respective county fails to
2 remit the total amount of the county's required annual
3 contributions, as required under section 87A-43;
4 provided further that commencing with fiscal year
5 2021-2022 and each year thereafter until fiscal year
6 2024-2025, each county shall authorize the
7 construction of new housing units as follows:

8 (A) For the city and county of Honolulu, 2,217 new
9 housing units;

10 (B) For the county of Hawaii, 1,330 new housing
11 units;

12 (C) For the county of Maui, 1,040 new housing units;
13 and

14 (D) For the county of Kauai, 428 new housing units;

15 provided that for each year a county fails to
16 authorize the construction of the required number of
17 new housing units there shall be a reduction of one
18 per cent of the county's applicable percentage share of
19 revenues pursuant to this paragraph beginning the
20 following fiscal year; provided further that for each
21 year a county's percentage share is reduced for



1 failure to authorize the construction of the required
 2 number of new housing units, the county may recoup the
 3 reduction at a rate of one per cent per year if the
 4 county meets or exceeds the number of new housing
 5 units required to be authorized in the following year;

6 and

7 (5) \$3,000,000 shall be allocated to the special land and
 8 development fund established under section 171-19;
 9 provided that the allocation shall be expended in
 10 accordance with the Hawaii tourism authority strategic
 11 plan for:

12 (A) The protection, preservation, maintenance, and
 13 enhancement of natural resources, including
 14 beaches, important to the visitor industry;

15 (B) Planning, construction, and repair of facilities;
 16 and

17 (C) Operation and maintenance costs of public lands,
 18 including beaches, connected with enhancing the
 19 visitor experience.

20 All transient accommodations taxes shall be paid into the
 21 state treasury each month within ten days after collection and



1 shall be kept by the state director of finance in special
2 accounts for distribution as provided in this subsection.

3 As used in this subsection, "fiscal year" means the twelve-
4 month period beginning on July 1 of a calendar year and ending
5 on June 30 of the following calendar year."

6 SECTION 3. New statutory material is underscored.

7 SECTION 4. This Act shall take effect on July 1, 2021 and
8 shall be repealed on June 30, 2025.

9

INTRODUCED BY: _____

A handwritten signature in black ink, appearing to be 'BSL', is written over a horizontal line.

S.B. NO. 779

Report Title:

Counties; Housing Production; Requirements; Transient
Accommodation Tax

Description:

Requires each county to authorize construction for a specified number of new housing units between fiscal year 2021-2022 and 2024-2025. Reduces the amount of transient accommodation tax revenue the counties receive for failure to meet the requirements. Allows for recoupment of reduction under certain circumstances. Repeals June 30, 2025.

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

