

JAN 21 2022

S.B. NO. 2702

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# A BILL FOR AN ACT

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RELATING TO EARLY EDUCATION.

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

1           SECTION 1. The legislature finds that a strong early child  
2 care and education workforce is necessary to support Hawaii's  
3 children, working families, and communities. The legislature  
4 further finds that the demand for quality early child care and  
5 education far exceeds the currently available and qualified  
6 early child care capacity of the State. The legislature also  
7 finds that disruptions to the early child care and education  
8 system due to the ongoing coronavirus disease 2019 pandemic have  
9 created more challenges to expanding access to quality,  
10 affordable early child care and education programs.

11           Accordingly, the purpose of this Act is to:

- 12           (1) Increase the conveyance tax on real property valued at  
13                 \$2,000,000 or higher;
- 14           (2) Require that certain moneys from the collection of  
15                 conveyance tax be paid into the early learning special  
16                 fund;



- (3) Require that moneys paid into the early learning special fund from the collection of conveyance tax be used for early care and learning programs;
- (4) Appropriate funds to the preschool open doors special fund; and
- (5) Appropriate funds for early childhood apprenticeship programs; provided that the early childhood apprenticeship program is a federally registered apprenticeship program, a pre-apprenticeship program for youth, or a community-based organization providing training and professional development to increase staff competency; provided further that the goals of the programs are to recruit and retain members of the early childhood workforce.

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

**"§247-2 Basis and rate of tax.** The tax imposed by section 247-1 shall be based on the actual and full consideration (whether cash or otherwise, including any promise, act, forbearance, property interest, value, gain, advantage, benefit, or profit), paid or to be paid for all transfers or conveyance



1 of realty or any interest therein, that shall include any liens  
2 or encumbrances thereon at the time of sale, lease, sublease,  
3 assignment, transfer, or conveyance, and shall be at the  
4 following rates:

5 (1) Except as provided in paragraph (2):

6 (A) [~~Ten cents per \$100 for~~] For properties with a  
7 value of less than \$600,000[+]: ten cents per  
8 \$100;

9 (B) [~~Twenty cents per \$100 for~~] For properties with a  
10 value of at least \$600,000, but less than  
11 \$1,000,000[+]: twenty cents per \$100;

12 (C) [~~Thirty cents per \$100 for~~] For properties with a  
13 value of at least \$1,000,000, but less than  
14 \$2,000,000[+]: thirty cents per \$100;

15 (D) [~~Fifty cents per \$100 for~~] For properties with a  
16 value of at least \$2,000,000, but less than  
17 \$4,000,000[+]: \$1.00 per \$100;

18 (E) [~~Seventy cents per \$100 for~~] For properties with  
19 a value of at least \$4,000,000, but less than  
20 \$6,000,000[+]: \$1.40 per \$100;



1 (F) ~~[Ninety cents per \$100 for]~~ For properties with a  
2 value of at least \$6,000,000, but less than  
3 \$10,000,000 ~~[, and]~~ : \$1.80 per \$100; and

4 (G) ~~[One dollar per \$100 for]~~ For properties with a  
5 value of \$10,000,000 or greater ~~[, and]~~ : \$2.00  
6 for \$100; and

7 (2) For the sale of a condominium or single family  
8 residence for which the purchaser is ineligible for a  
9 county homeowner's exemption on property tax:

10 (A) ~~[Fifteen cents per \$100 for]~~ For properties with  
11 a value of less than \$600,000 ~~[,]~~ : fifteen cents  
12 per \$100;

13 (B) ~~[Twenty-five cents per \$100 for]~~ For properties  
14 with a value of at least \$600,000, but less than  
15 \$1,000,000 ~~[,]~~ : twenty-five cents per \$100;

16 (C) ~~[Forty cents per \$100 for]~~ For properties with a  
17 value of at least \$1,000,000, but less than  
18 \$2,000,000 ~~[,]~~ : forty cents per \$100;

19 (D) ~~[Sixty cents per \$100 for]~~ For properties with a  
20 value of at least \$2,000,000, but less than  
21 \$4,000,000 ~~[,]~~ : \$1.20 for \$100;



(E) ~~[Eighty-five cents per \$100 for]~~ For properties with a value of at least \$4,000,000, but less than \$6,000,000 ~~[+]~~ : \$1.70 per \$100;

(F) ~~[One dollar and ten cents per \$100 for]~~ For properties with a value of at least \$6,000,000, but less than \$10,000,000 ~~[+and]~~ : \$2.20 per \$100; and

(G) ~~[One dollar and twenty-five cents per \$100 for]~~ For properties with a value of \$10,000,000 or greater ~~[+]~~ : \$2.50 per \$100,

of such actual and full consideration; provided that in the case of a lease or sublease, this chapter shall apply only to a lease or sublease whose full unexpired term is for a period of five years or more, and in those cases, including ~~[+]~~ where appropriate ~~[+]~~, those cases where the lease has been extended or amended, the tax in this chapter shall be based on the cash value of the lease rentals discounted to present day value and capitalized at the rate of six per cent, plus the actual and full consideration paid or to be paid for any and all improvements, if any, that shall include on-site as well as off-site improvements, applicable to the leased premises; and



1 provided further that the tax imposed for each transaction shall  
2 be not less than \$1."

3 SECTION 3. Section 247-7, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§247-7 Disposition of taxes.** All taxes collected under  
6 this chapter shall be paid into the state treasury to the credit  
7 of the general fund of the State, to be used and expended for  
8 the purposes for which the general fund was created and exists  
9 by law; provided that of the taxes collected each fiscal year:

10 (1) Ten per cent or \$5,100,000, whichever is less, shall  
11 be paid into the land conservation fund established  
12 pursuant to section 173A-5; ~~and~~

13 (2) Fifty per cent or \$38,000,000, whichever is less,  
14 shall be paid into the rental housing revolving fund  
15 established ~~[by]~~ pursuant to section 201H-202[-]; and

16 (3) \$ \_\_\_\_\_ shall be paid into the early learning  
17 special fund established pursuant to section 302L-5."

18 SECTION 4. Section 302L-5, Hawaii Revised Statutes, is  
19 amended by amending subsection (a) to read as follows:

20 "(a) There is established within the state treasury the  
21 early learning special fund, to be administered by the executive



1 office on early learning, into which shall be deposited all  
2 moneys received by the office in the form of:

3 (1) Fees;

4 (2) Grants;

5 (3) Donations;

6 (4) Appropriations made by the legislature to the fund;  
7 and

8 (5) Revenues regardless of their source,

9 and earnings on moneys in the fund. Moneys in the fund shall be  
10 used for the early learning system[-]; provided that the moneys  
11 received pursuant to section 247-7 shall be used for early care  
12 and learning programs. Expenditures from the fund may be made  
13 by the office without appropriation or allotment."

14 SECTION 5. There is appropriated out of the general  
15 revenues of the State of Hawaii the sum of \$15,000,000 or so  
16 much thereof as may be necessary for fiscal year 2022-2023 to  
17 the preschool open doors special fund established pursuant to  
18 section 346-182.

19 The sum appropriated shall be expended by the department of  
20 human services for the purposes of this Act.



SECTION 6. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2022-2023 for early childhood apprenticeship programs; provided that the early childhood apprenticeship program is a:

- (1) Federally registered apprenticeship program;
- (2) Pre-apprenticeship program for youth; or
- (3) Community-based organization providing training and professional development to increase staff competency;

provided further that the goals of the programs are to recruit and retain members of the early childhood workforce. The funding for the apprenticeship programs shall be used for procuring services from child care or child development entities licensed and regulated by the department of human services.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 7. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 8. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.





1           SECTION 9. This Act shall take effect upon its approval;  
2 provided that sections 5 and 6 of this Act shall take effect on  
3 July 1, 2022.

4  
INTRODUCED BY: Benjamin E. Nasaluk



# S.B. NO. 2702

**Report Title:**

Early Education; Early Learning Special Fund; Apprenticeship;  
Conveyance Tax; Increase; Appropriation

**Description:**

Increases the conveyance tax on real property valued at \$2,000,000 or higher. Requires that certain moneys from the collection of conveyance tax be paid into the Early Learning Special Fund. Requires that moneys paid into the Early Learning Special Fund from the collection of conveyance tax be used for early care and learning programs. Appropriates funds to the Preschool Open Doors Special Fund. Appropriates funds for early childhood apprenticeship programs.

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