
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The legislature finds that the Hawaii transit-
2 oriented development strategic plan highlights a lack of
3 infrastructure necessary to support affordable housing and
4 mixed-use development near transit. Furthermore, the transit-
5 oriented development infrastructure and finance delivery
6 strategy (2023), developed by the office of planning and
7 sustainable development, identifies the current fragmented
8 infrastructure funding process as a source of inequitable
9 outcomes. The first recommendation of the report is to increase
10 the conveyance tax on high-value, non-owner-occupied homes and
11 allocate a portion of the revenue to finance infrastructure in
12 transit-oriented development zones.

13 The legislature further finds that there is a need to
14 provide a dedicated funding source to support housing designed
15 for individuals with special needs, including those with alcohol
16 or drug addictions, individuals transitioning from
17 incarceration, youth aging out of foster care, survivors of



1 domestic violence, veterans, individuals with disabilities or
2 mental illness, frail elderly, and chronically homeless
3 individuals. Although significant resources are allocated
4 annually for supportive housing, reliance on legislative
5 appropriations creates uncertainty for non-profit providers and
6 the counties, which face significant risks in developing
7 permanent supportive housing.

8 The legislature also finds that the conveyance tax, a one-
9 time tax levied at the time of property sales, is identified as
10 an appropriate revenue source for affordable housing,
11 infrastructure, land conservation, and homeless services.
12 Despite dramatic increases in housing prices over the past
13 thirteen years, the conveyance tax rates have not been updated
14 since Act 59, Session Laws of Hawaii 2009. In fact, Hawaii's
15 conveyance tax remains significantly lower than comparable high-
16 cost areas in the nation.

17 The legislature recognizes that without reform, the current
18 conveyance tax rate structure could disproportionately affect
19 affordable multifamily housing, as high total property values
20 for these complexes do not reflect the lower per-unit costs.
21 High conveyance taxes on these properties could be passed on to



1 renters. Moreover, the current rate structure may create market
2 inequities, where even small increases in property value could
3 result in disproportionate tax burdens. Because the conveyance
4 tax is not tied to inflation, rising home prices will eventually
5 push moderately priced homes into higher tax brackets,
6 compounding the issue.

7 Accordingly, the purpose of this Act is to:

- 8 (1) Restructure the conveyance tax to a marginal rate
9 system, applying higher rates only to property values
10 exceeding specified thresholds;
- 11 (2) Adjust the conveyance tax for multifamily properties
12 to reflect value on a per-unit basis;
- 13 (3) Increase conveyance tax revenue by approximately
14 thirty per cent, generating an estimated \$35,000,000
15 annually, by:
- 16 (A) Raising the tax rate on non-owner-occupied homes
17 valued at over \$2,000,000;
- 18 (B) Slightly increasing the tax rate on owner-
19 occupied homes valued at over \$6,000,000; and
- 20 (C) Ensuring revenue neutrality for owner-occupied
21 homes valued at \$6,000,000 and under and non-



1 owner-occupied homes valued at \$2,000,000 and
2 under through the adjusted marginal rate
3 structure;

4 (4) Tie conveyance tax rates to a cost-of-living
5 adjustment to maintain equity over time; and

6 (5) Allocate a portion of the additional revenue to
7 permanent supportive housing and infrastructure in
8 transit-oriented development zones.

9 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
10 amended by adding a new subpart to part III to be appropriately
11 designated and to read as follows:

12 " . Supportive Housing Special Fund

13 **§201H-A Supportive housing special fund.** (a) There is
14 established a supportive housing special fund to be administered
15 by the corporation for the purpose of developing, operating, and
16 maintaining affordable, permanent housing and the provision of
17 supportive services for individuals or families with special
18 needs.

19 (b) Moneys in the fund may be used to:

20 (1) Make loans to finance the development, pre-
21 development, construction, acquisition, preservation,



1 or substantial rehabilitation of supportive housing
2 projects;

3 (2) Make project-based rental assistance payments;

4 (3) Make payments for supportive services for households
5 residing in the supportive housing projects; and

6 (4) For other housing services or activities as provided
7 in rules adopted by the corporation without regard to
8 chapter 91.

9 (c) The fund may include sums appropriated by the
10 legislature, private contributions, proceeds from repayment of
11 loans, interest, fees, other returns, and moneys from other
12 sources.

13 (d) An amount from the fund, to be set by the corporation
14 and authorized by the legislature, may be used for
15 administrative expenses incurred by the corporation in
16 administering the fund; provided that moneys in the fund shall
17 not be used to finance day-to-day administrative expenses of the
18 projects allotted moneys from the fund.

19 (e) The corporation shall consult with the counties and
20 community-based organizations to leverage funds and obtain input
21 on selection of projects.



1 (f) The corporation may contract with other executive
2 branch departments or agencies, the counties, or private or
3 nonprofit organizations as necessary for the provision of
4 supportive housing and services. The corporation shall be
5 exempt from chapter 103D in selecting a qualified private or
6 nonprofit organization to assist with the development and
7 maintenance of supportive housing and provision of rental
8 assistance and supportive services. The corporation may,
9 without regard to chapter 91, establish rules and qualification
10 standards for participants of the supportive housing program.

11 (g) The corporation may establish, revise, charge, and
12 collect a reasonable service fee, as necessary, in connection
13 with its financing, services, and approvals under this subpart.
14 The fees shall be deposited into the supportive housing special
15 fund.

16 (h) The corporation shall submit a report to the
17 legislature no later than twenty days prior to the convening of
18 each regular session describing the projects funded using moneys
19 from the supportive housing special fund.

20 **§201H-B Additional powers.** The powers conferred upon the
21 corporation by this subpart shall be in addition and



1 supplemental to the powers conferred by any other law, and
2 nothing in this subpart shall be construed as limiting any
3 powers, rights, privileges, or immunities conferred."

4 SECTION 3. Section 247-2, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "**§247-2 Basis and rate of tax.** (a) The tax imposed by
7 section 247-1 shall be based on the actual and full
8 consideration (whether cash or otherwise, including any promise,
9 act, forbearance, property interest, value, gain, advantage,
10 benefit, or profit), paid or to be paid for all transfers or
11 conveyance of realty or any interest therein, that shall include
12 any liens or encumbrances thereon at the time of sale, lease,
13 sublease, assignment, transfer, or conveyance, and shall be at
14 the following rates:

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

16 (A) [~~Ten cents per \$100 for~~] For properties with a
17 value of less than \$600,000[~~+~~]: 10 cents per
18 \$100;

19 (B) [~~Twenty cents per \$100 for~~] For properties with a
20 value of at least \$600,000, but less than



- 1 \$1,000,000[÷]: \$600 plus 35 cents per \$100 of
2 excess over \$600,000;
- 3 (C) ~~[Thirty cents per \$100 for]~~ For properties with a
4 value of at least \$1,000,000, but less than
5 \$2,000,000[÷]: \$2,000 plus 60 cents per \$100 of
6 excess over \$1,000,000;
- 7 (D) ~~[Fifty cents per \$100 for]~~ For properties with a
8 value of at least \$2,000,000, but less than
9 \$4,000,000[÷]: \$8,000 plus 85 cents per \$100 of
10 excess over \$2,000,000;
- 11 (E) ~~[Seventy cents per \$100 for]~~ For properties with
12 a value of at least \$4,000,000, but less than
13 \$6,000,000[÷]: \$25,000 plus \$1.20 per \$100 of
14 excess over \$4,000,000;
- 15 (F) ~~[Ninety cents per \$100 for]~~ For properties with a
16 value of at least \$6,000,000, but less than
17 \$10,000,000[÷ and]: \$49,000 plus \$1.75 per \$100
18 of excess over \$6,000,000; and
- 19 (G) ~~[One dollar per \$100 for]~~ For properties with a
20 value of at least \$10,000,000 ~~[or greater; and]:~~



1 \$119,000 plus \$3 per \$100 of excess over
2 \$10,000,000; and

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

6 (A) [~~Fifteen cents per \$100 for~~] For properties with
7 a value of less than \$600,000[+]: 15 cents per
8 \$100;

9 (B) [~~Twenty-five cents per \$100 for~~] For properties
10 with a value of at least \$600,000, but less than
11 \$1,000,000[+]: \$900 plus 40 cents per \$100 of
12 excess over \$600,000;

13 (C) [~~Forty cents per \$100 for~~] For properties with a
14 value of at least \$1,000,000, but less than
15 \$2,000,000[+]: \$2,500 plus 65 cents per \$100 of
16 excess over \$1,000,000;

17 (D) [~~Sixty cents per \$100 for~~] For properties with a
18 value of at least \$2,000,000, but less than
19 \$4,000,000[+]: \$9,000 plus \$2.00 per \$100 of
20 excess over \$2,000,000;



1 (E) [~~Eighty-five cents per \$100 for~~] For properties
2 with a value of at least \$4,000,000, but less
3 than \$6,000,000 [~~]~~: \$49,000 plus \$2.50 per \$100
4 of excess over \$4,000,000; and

5 (F) [~~One-dollar and ten cents per \$100 for~~] For
6 properties with a value of at least \$6,000,000,
7 but less than \$10,000,000 [~~and~~]: \$99,000 plus
8 \$3.25 per \$100 of excess over \$6,000,000; and

9 (G) [~~One-dollar and twenty-five cents per \$100 for~~]
10 For properties with a value of \$10,000,000 or
11 greater [~~]~~: \$229,000 plus \$4.10 per \$100 of
12 excess over \$10,000,000,

13 of [~~such~~] the actual and full consideration; provided that in
14 the case of a lease or sublease, this chapter shall apply only
15 to a lease or sublease whose full unexpired term is for a period
16 of five years or more [~~and in those cases, including (where~~
17 ~~appropriate) those cases where the~~]; provided further that if a
18 lease has been extended or amended, the tax in this chapter
19 shall be based on the cash value of the lease rentals discounted
20 to present day value and capitalized at the rate of six per
21 cent, plus the actual and full consideration paid or to be paid



1 for any and all improvements, if any, that shall include on-site
2 as well as off-site improvements, applicable to the leased
3 premises; and provided further that the tax imposed for each
4 transaction shall be [~~not~~] no less than \$1.

5 The rates in this section shall apply to the transfer or
6 conveyance of a multifamily residential property; provided that
7 "value", for purposes of determining the applicable rate, shall
8 be an amount calculated by dividing the actual and full
9 consideration by the number of residential dwelling units in the
10 property; provided further that the tax shall be calculated by
11 applying the applicable rate to the actual and full
12 consideration for the transfer or conveyance of realty or any
13 interest therein. As used in this subsection, "multifamily
14 residential property" means a structure that is located within
15 the state urban land use district and divided into five or more
16 dwelling units.

17 (b) For each taxable year beginning after December 31,
18 2025, the director of taxation, no later than December 15 of the
19 preceding calendar year, shall recompute the rates in subsection
20 (a) by multiplying the dollar amount for the preceding taxable
21 year by the cost-of-living adjustment factor, if the cost-of-



1 living adjustment factor is greater than zero, and rounding off
2 the resulting product to the nearest \$1. If the cost-of-living
3 adjustment factor is less than or equal to zero in a given year,
4 then no adjustment shall occur in the following year.

5 As used in this subsection, "cost-of-living adjustment
6 factor" means a factor calculated by adding 1.0 to the
7 percentage change in the Consumer Price Index for All Urban
8 Consumers, as published by the United States Department of
9 Labor, from July of the preceding calendar year to July of the
10 current calendar year; provided that if the Consumer Price Index
11 is discontinued, the Chained Consumer Price Index for All Urban
12 Consumers, as published by the United States Department of
13 Labor, shall be used to calculate the cost-of-living adjustment
14 factor."

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

17 "**§247-7 Disposition of taxes.** All taxes collected under
18 this chapter shall be paid into the state treasury to the credit
19 of the general fund of the State, to be used and expended for
20 the purposes for which the general fund was created and exists
21 by law; provided that of the taxes collected each fiscal year:



- 1 (1) ~~Ten~~ Eight per cent or [~~\$5,100,000,~~] \$10,000,000,
2 whichever is less, shall be paid into the land
3 conservation fund established pursuant to section
4 173A-5; ~~and~~
- 5 (2) ~~Fifty~~ Thirty-eight per cent or [~~\$38,000,000,~~
6 \$50,000,000, whichever is less, shall be paid into the
7 rental housing revolving fund established by section
8 201H-202~~[-]~~;
- 9 (3) Eight per cent or \$10,000,000, whichever is less,
10 shall be paid into the supportive housing special fund
11 established pursuant to section 201H-A; and
- 12 (4) Ten per cent shall be paid into the dwelling unit
13 revolving fund established pursuant to section 201H-
14 191 to fund infrastructure programs in county-
15 designated transit-oriented development zones or
16 districts that meet minimum standards of transit-
17 supportive density; provided that these standards
18 shall be met in order for any state or county agency
19 or any private entity to receive funding from the
20 dwelling unit revolving fund pursuant to this
21 paragraph.



1 As used in this section, "transit-supportive density" means
2 a floor area ratio of at least:

3 (1) 4.0 for all uses that are permitted in a county-
4 designated transit-oriented development area or by the
5 underlying county zoning;

6 (2) 6.0 for all uses that are permitted in a county-
7 designated transit-oriented development area within
8 one-half mile of a station of a locally preferred
9 alternative for a mass transit project; and

10 (3) For all uses that are permitted within one-quarter
11 mile of a station of a locally preferred alternative
12 for a mass transit project, whichever is greater:

13 (A) 7.0;

14 (B) The maximum floor area ratio allowed by the
15 adopted transit-oriented development special
16 district; or

17 (C) The maximum floor area ratio allowed by the
18 applicable transit-oriented development plan."

19 SECTION 5. This Act does not affect rights and duties that
20 matured, penalties that were incurred, and proceedings that were
21 begun before its effective date.



1 SECTION 6. In codifying the new sections added by section
2 2 of this Act, the revisor of statutes shall substitute
3 appropriate section numbers for the letters used in designating
4 the new sections in this Act.

5 SECTION 7. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 8. This Act shall take effect on July 1, 2025.

8

INTRODUCED BY:

ZAC

JAN 23 2025



H.B. NO. 1410

Report Title:

Conveyance Tax; Supportive Housing Special Fund; Dwelling Unit Revolving Fund; Infrastructure Funding; County-designated Transit-oriented Development

Description:

Establishes the Supportive Housing Special Fund. Restructures the conveyance tax to a marginal rate system and adjusts the tax for multifamily properties to reflect value on a per-unit basis. Allocates revenues from conveyance tax collections to the Supportive Housing Special Fund. Allocates a portion of conveyance tax collections to the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas that meet minimum standards of transit-supportive density.

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