

1 primary dwelling unit on the zoning lot on which the primary
2 dwelling unit of the owner is located.

3 "Development costs" includes costs associated with site
4 preparation, architectural or engineering design, permits, soil
5 tests, impact fees, and property survey.

6 "Eligible homeowner or homebuyer" means a person or family,
7 without regard to race, creed, national origin, or sex, who:

- 8 (1) Is a citizen of the United States or a resident alien;
- 9 (2) Is a resident domiciled in the State;
- 10 (3) Is at least eighteen years of age;
- 11 (4) Agrees to sell to the county and place a deed
12 restriction on the primary dwelling unit and accessory
13 dwelling unit that is in compliance with section
14 201H-C;
- 15 (5) Agrees to comply with annual reporting requirements as
16 provided pursuant to section 201H-F;
- 17 (6) Owns no other real property; and
- 18 (7) Meets any other qualifications as established by rules
19 adopted by the corporation or county.

20 "Qualified business" means a corporation, partnership, sole
21 proprietorship, trust, or foundation, or any other individual or



1 organization carrying on a business, whether or not operated for
2 profit, that:

- 3 (1) Has a physical presence within the State;
- 4 (2) Has a current and valid business license to operate in
5 the State;
- 6 (3) Pays state income taxes pursuant to chapter 235; and
- 7 (4) Is generally recognized as an operating business
8 within the community.

9 "Qualified business" includes state and county departments and
10 agencies.

11 **§201H-B Accessory dwelling unit financing and deed**

12 **restriction program; established.** (a) There shall be
13 established within the corporation an accessory dwelling unit
14 financing and deed restriction program. Under the accessory
15 dwelling unit financing and deed restriction program, the
16 corporation may allocate funds from the rental housing revolving
17 fund established pursuant to section 201H-202 to a county to:

- 18 (1) Purchase equity from eligible homeowners or homebuyers
19 to finance construction costs, development costs, and
20 non-reoccurring closing costs associated with the
21 construction of accessory dwelling units; and



1 (2) Purchase deed restrictions from eligible homeowners or
2 homebuyers to be placed on the primary dwelling units
3 and accessory dwelling unit funded pursuant to this
4 subpart.

5 (b) Upon application by a county, in a form prescribed by
6 the corporation, the corporation may allocate a dollar amount
7 necessary for a county to carry out subsection (a); provided
8 that the total contribution amount from a county distributed per
9 accessory dwelling unit shall not exceed eight per cent of the
10 appraised value of the property; provided further that the
11 corporation shall not allocate more than \$2,000,000 per year
12 under this subpart.

13 A county may use up to per cent of allocated funds
14 for administrative costs.

15 (c) A county may deposit funds received from the
16 corporation pursuant to subsection (b) into an escrow account
17 until the purchase of a deed restriction is finalized.

18 (d) Applications for the purchase of equity shall be made
19 to the counties and contain the information as required by rules
20 adopted under this subpart. At a minimum, the applicant shall:



- 1 (1) Be an eligible homeowner or homebuyer under this
- 2 subpart who shall own no other real property;
- 3 (2) Agree to use state funds exclusively for the purposes
- 4 of this program;
- 5 (3) Indicate capability to properly use the funds for the
- 6 purpose of the accessory dwelling unit financing and
- 7 deed restriction program;
- 8 (4) Comply with all applicable federal and state laws
- 9 prohibiting discrimination against any person on the
- 10 basis of race, color, national origin, religion,
- 11 creed, sex, age, sexual orientation, disability, or
- 12 any other characteristic protected under applicable
- 13 federal or state law;
- 14 (5) Agree not to use state funds for purposes of
- 15 entertainment or perquisites;
- 16 (6) Comply with other requirements as the county may
- 17 prescribe;
- 18 (7) Comply with all applicable federal, state, and county
- 19 statutes, rules, and ordinances;
- 20 (8) Agree to indemnify and hold harmless the State, county
- 21 and the officers, agents, and employees of the State



1 and county from and against any and all claims arising
2 out of or resulting from activities carried out or
3 projects undertaken with funds provided under this
4 subpart and procure sufficient insurance to provide
5 this indemnification if requested to do so by the
6 corporation; and

7 (9) Agree to make available to the county all records the
8 applicant may have relating to the purchase of equity,
9 to allow state agencies to monitor the applicant's
10 compliance with this section;

11 provided that the county shall prioritize homeowners or
12 homebuyers that are government employees; provided further that
13 eligible homeowners or homebuyers shall agree to prioritize
14 tenancy of the accessory dwelling unit to tenants that are
15 government employees.

16 (e) No eligible homeowner or homebuyer shall be eligible
17 for funds under this subpart if a deed restriction that
18 satisfies section 201H-C already runs with the land on which an
19 accessory dwelling unit that was funded pursuant to this subpart
20 is located.



1 (f) Any initial lease for tenancy offered at a property
2 with a deed restriction placed pursuant to this subpart shall be
3 for a minimum of six months. An initial lease may transfer to a
4 month-to-month lease upon completion of the original term.

5 (g) The deed restriction placed and owned by the county
6 pursuant to this subpart shall take first priority over other
7 restrictions on the property, if applicable; provided that for a
8 planned community under chapter 421J, a deed restriction may be
9 secondary only to conditions, covenants, and restrictions with a
10 requisite first position.

11 (h) Counties shall be responsible for validating the
12 evidence and ensuring compliance with this subpart. Counties
13 may contract with non-government persons or entities to ensure
14 compliance with this subpart. Counties shall report any
15 property not in compliance with this subpart to the corporation.

16 (i) If a property with a deed restriction in place
17 pursuant to this subpart is sold to a nonresident, or at sale it
18 is determined that any dwelling unit on the property has been
19 rented to a nonresident, the corporation may bring action
20 against the homeowner in the appropriate circuit court and shall
21 be entitled to fifty per cent of appreciation at the time of



1 sale, to be collected by the corporation and placed in the
2 rental housing revolving fund established under section
3 201H-202.

4 (j) A homeowner participating in the purchase of equity
5 established pursuant to this subpart shall repay the corporation
6 its prorated share of the appraised value of the completed
7 accessory dwelling unit, with appreciation, within fifteen years
8 or upon sale or transfer of the property, whichever occurs
9 first.

10 (k) If a county does not expend moneys allocated pursuant
11 to this section within one year of receipt, the moneys shall be
12 returned to the corporation and placed in the rental housing
13 revolving fund established pursuant to section 201H-202.

14 (l) The corporation and each county may establish, revise,
15 charge, and collect fees and premiums and impose costs as
16 necessary, reasonable, or convenient to effectuate the purposes
17 of this subpart.

18 (m) The corporation may adopt rules pursuant to chapter 91
19 for the purposes of this subpart. Each county may adopt rules
20 pursuant to chapter 91 for purposes of this subpart; provided



1 that the rules shall not conflict with rules adopted by the
2 corporation.

3 **§201H-C Deed restriction; requirements.** (a)

4 Notwithstanding any other law to the contrary, a deed
5 restriction shall be recorded against the property and shall run
6 with the land in perpetuity, binding all future owners,
7 successors, and assigns.

8 (b) Notwithstanding any other law to the contrary, a deed
9 restriction placed on a property and owned by a county pursuant
10 to this subpart shall require that each dwelling unit on the
11 property be occupied exclusively by an owner-occupants or
12 tenants who:

13 (1) Works an average of thirty hours or more per week at a
14 qualified business;

15 (2) Is involuntarily unemployed:

16 (A) From a job in which the owner-occupant or tenant
17 worked an average of thirty hours or more per
18 week at a qualified business at the time of
19 initial occupancy; and

20 (B) For a period of less than three hundred
21 sixty-five days;



- 1 (3) Is retired; provided that the retiree:
- 2 (A) Was sixty-five years of age or older at the time
- 3 of retirement; and
- 4 (B) Worked an average of thirty hours or more per
- 5 week at a qualified business within the county;
- 6 or
- 7 (4) Has a disability, as defined in section 515-2;
- 8 provided that the owner or tenant with a disability
- 9 worked an average of thirty hours or more per week at
- 10 a qualified business;
- 11 provided that owner-occupants shall prioritize prospective
- 12 tenants who are government employees.

13 **§201H-D Remedies.** A county that reasonably believes a
 14 property with a deed restriction in place pursuant to this
 15 subpart is not in compliance with this subpart may bring action
 16 against the owner of the property for civil remedies based in
 17 contract or real property law, including but not limited to
 18 claiming a lien or obtaining specific performance.

19 **§201H-E Environmental impact statement; conveyance tax;**
 20 **procurement code; exemptions.** (a) An action on property with a



1 deed restriction in place pursuant to this subpart shall be
2 exempt from chapter 343.

3 (b) Property sold for which a county has purchased a deed
4 restriction pursuant to this subpart shall be exempt from
5 chapter 247.

6 (c) Any contract entered into by a county pursuant to this
7 subpart shall be exempt from chapter 103D.

8 **§201H-F Annual reporting.** No later than of
9 each year, beginning in the year following the first year of
10 occupancy of the property after the deed restriction has been
11 entered into, the owner of the property shall submit a written
12 statement with accompanying evidence to the county verifying the
13 property was occupied by a qualified owner-occupant or tenant
14 during all of the prior calendar year; provided that, if
15 applicable, a copy of the lease form currently used for the
16 property shall be submitted with the statement."

17 SECTION 3. Section 46-15.2, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "**§46-15.2 Housing; additional county powers.** In addition
20 and supplemental to the powers granted to counties by section



1 46-15.1, a county shall have and may exercise any of the
2 following powers:

3 (1) To provide assistance and aid to persons of low- and
4 moderate-income in acquiring housing by:

5 (A) Providing loans secured by a mortgage;

6 (B) Acquiring the loans from private lenders where
7 the county has made advance commitment to acquire
8 the loans; and

9 (C) Making and executing contracts with private
10 lenders or a public agency for the origination
11 and servicing of the loans and paying the
12 reasonable value of the services;

13 (2) In connection with the exercise of any powers granted
14 under this section or section 46-15.1, to establish
15 one or more loan programs and to issue bonds under
16 chapter 47 or 49 to provide moneys to carry out the
17 purposes of this section or section 46-15.1; provided
18 that:

19 (A) If bonds are issued pursuant to chapter 47 to
20 finance one or more loan programs, the county may



- 1 establish qualifications for the program or
2 programs as it deems appropriate;
- 3 (B) If bonds are issued pursuant to chapter 49 to
4 finance one or more loan programs, the loan
5 program or programs shall comply with part III,
6 subpart B of chapter 201H, to the extent
7 applicable;
- 8 (C) If bonds are issued pursuant to section 47-4 or
9 chapter 49, any loan program established pursuant
10 to this section or any county-owned dwelling
11 units constructed under section 46-15.1 shall be
12 and constitute an "undertaking" under section
13 49-1 and chapter 49 shall apply to the loan
14 program or county-owned dwelling units to the
15 extent applicable;
- 16 (D) In connection with the establishment of any loan
17 program pursuant to this section, a county may
18 employ financial consultants, attorneys, real
19 estate counselors, appraisers, and other
20 consultants as may be required in the judgment of



1 the county and fix and pay their compensation
2 from funds available to the county therefor;
3 (E) Notwithstanding any limitation otherwise
4 established by law, with respect to the rate of
5 interest on any loan made under any loan program
6 established pursuant to this section, the loan
7 may bear a rate or rates of interest per year as
8 the county shall determine; provided that no loan
9 made from the proceeds of any bonds of the county
10 shall be under terms or conditions that would
11 cause the interest on the bonds to be deemed
12 subject to income taxation by the United States;
13 (F) Notwithstanding any limitation otherwise
14 established by law, with respect to the amount of
15 compensation permitted to be paid for the
16 servicing of loans made under any loan program
17 established pursuant to this section, a county
18 may fix any reasonable compensation as the county
19 may determine;
20 (G) Notwithstanding the requirement of any other law,
21 a county may establish separate funds and



1 accounts with respect to bonds issued pursuant to
2 chapter 47 or 49 to provide moneys to carry out
3 the purposes of this section or section 46-15.1
4 as the county may deem appropriate;

5 (H) Notwithstanding any provision of chapter 47 or 49
6 or of any other law, but subject to the
7 limitations of the state constitution, bonds
8 issued to provide moneys to carry out the
9 purposes of this section or section 46-15.1 may
10 [be]:

11 (i) Be sold at public or private sale at a
12 price; [~~may bear~~]

13 (ii) Bear interest at a rate or rates per year;
14 [~~may be~~]

15 (iii) Be payable at a time or times; [~~may mature~~]

16 (iv) Mature at a time or times; [~~may be~~]

17 (v) Be made redeemable before maturity at the
18 option of the county, the holder, or both,
19 at a price or prices and upon terms and
20 conditions; and [~~may be~~]



1 trustee may contain any covenants and provisions
2 as may be deemed necessary, convenient, or
3 desirable by the county to secure the bonds. The
4 county may pledge and assign to the trustee any
5 agreements related to the application of the
6 proceeds of the bonds and the rights of the
7 county thereunder, including the rights to
8 revenues and receipts derived thereunder. Upon
9 appointment of the trustee, the director of
10 finance of the county may elect not to serve as
11 fiscal agent for the payment of the principal and
12 interest, and for the purchase, registration,
13 transfer, exchange, and redemption, of the bonds;
14 or may elect to limit the functions the director
15 of finance performs as a fiscal agent; and may
16 appoint a trustee to serve as the fiscal agent;
17 and may authorize and empower the trustee to
18 perform the functions with respect to payment,
19 purchase, registration, transfer, exchange, and
20 redemption, as the director of finance deems
21 necessary, advisable, or expedient, including



1 without limitation the holding of the bonds and
2 coupons that have been paid and the supervision
3 and conduction or the destruction thereof in
4 accordance with law;

5 (J) If a trustee is not appointed to collect, hold,
6 and administer the proceeds of bonds issued to
7 provide moneys to carry out the purposes of this
8 section or section 46-15.1, or the revenues and
9 receipts derived by the county from the
10 application of the proceeds of the bonds, as
11 provided in subparagraph (I), the director of
12 finance of the county may hold the proceeds or
13 revenues and receipts in a separate account in
14 the treasury of the county, to be applied solely
15 to the carrying out of the ordinance, trust
16 indenture, trust agreement, or indenture of
17 mortgage, if any, authorizing or securing the
18 bonds; and

19 (K) Any law to the contrary notwithstanding, the
20 investment of funds held in reserves and sinking
21 funds related to bonds issued to provide moneys



1 to carry out the purposes of this section or
2 section 46-15.1 shall comply with section
3 201H-77; provided that any investment that
4 requires approval by the county council pursuant
5 to section 46-48 or 46-50 shall first be approved
6 by the county council;

7 (3) To acquire policies of insurance and enter into
8 banking arrangements as the county may deem necessary
9 to better secure bonds issued to provide money to
10 carry out the purposes of this section or section
11 46-15.1, including without limitation contracting for
12 a support facility or facilities as may be necessary
13 with respect to bonds issued with a right of the
14 holders to put the bonds and contracting for interest
15 rate swaps; [~~and~~]

16 (4) To enter into negotiations for, and purchase deed
17 restrictions on, housing properties from eligible
18 homeowners and homebuyers pursuant to subpart _____,
19 part III of chapter 201H; and



1 [+4+] (5) To do any and all other things necessary or
2 appropriate to carry out the purposes and exercise the
3 powers granted in section 46-15.1 and this section."

4 SECTION 4. Section 103D-102, Hawaii Revised Statutes, is
5 amended by amending subsection (b) to read as follows:

6 "(b) Notwithstanding subsection (a), this chapter shall
7 not apply to contracts by governmental bodies:

8 (1) Solicited or entered into before July 1, 1994, unless
9 the parties agree to its application to a contract
10 solicited or entered into [~~prior to~~] before July 1,
11 1994;

12 (2) To disburse funds, irrespective of their source:

13 (A) For grants as defined in section 42F-101, made by
14 the State in accordance with standards provided
15 by law as required by article VII, section 4, of
16 the state constitution; or by the counties
17 pursuant to their respective charters or
18 ordinances;

19 (B) To make payments to or on behalf of public
20 officers and employees for salaries, fringe
21 benefits, professional fees, or reimbursements;



- 1 (C) To satisfy obligations that the State is required
2 to pay by law, including paying fees, permanent
3 settlements, subsidies, or other claims, making
4 refunds, and returning funds held by the State as
5 trustee, custodian, or bailee;
- 6 (D) For entitlement programs, including public
7 assistance, unemployment, and workers'
8 compensation programs, established by state or
9 federal law;
- 10 (E) For dues and fees of organizations of which the
11 State or its officers and employees are members,
12 including the National Association of Governors,
13 the National Association of State and County
14 Governments, and the Multi-State Tax Commission;
- 15 (F) For deposit, investment, or safekeeping,
16 including expenses related to their deposit,
17 investment, or safekeeping;
- 18 (G) To governmental bodies of the State;
- 19 (H) As loans, under loan programs administered by a
20 governmental body; [~~and~~]



- 1 (I) For contracts awarded in accordance with chapter
- 2 103F; and
- 3 (J) For the purchase of deed restrictions for the
- 4 accessory dwelling unit financing and deed
- 5 restriction program established under
- 6 subpart , part III of chapter 201H;
- 7 (3) To procure goods, services, or construction from a
- 8 governmental body other than the university of Hawaii
- 9 bookstores, from the federal government, or from
- 10 another state or its political subdivision;
- 11 (4) To procure the following goods or services that are
- 12 available from multiple sources but for which
- 13 procurement by competitive means is either not
- 14 practicable or not advantageous to the State:
- 15 (A) Services of expert witnesses for potential and
- 16 actual litigation of legal matters involving the
- 17 State, its agencies, and its officers and
- 18 employees, including administrative
- 19 quasi-judicial proceedings;
- 20 (B) Works of art for museum or public display;



- 1 (C) Research and reference materials including books,
2 maps, periodicals, and pamphlets, which are
3 published in print, video, audio, magnetic, or
4 electronic form;
- 5 (D) Meats and foodstuffs for the Kalaupapa
6 settlement;
- 7 (E) Opponents for athletic contests;
- 8 (F) Utility services whose rates or prices are fixed
9 by regulatory processes or agencies;
- 10 (G) Performances, including entertainment, speeches,
11 and cultural and artistic presentations;
- 12 (H) Goods and services for commercial resale by the
13 State;
- 14 (I) Services of printers, rating agencies, support
15 facilities, fiscal and paying agents, and
16 registrars for the issuance and sale of the
17 State's or counties' bonds;
- 18 (J) Services of attorneys employed or retained to
19 advise, represent, or provide any other legal
20 service to the State or any of its agencies, on
21 matters arising under laws of another state or



1 foreign country, or in an action brought in
2 another state, federal, or foreign jurisdiction,
3 when substantially all legal services are
4 expected to be performed outside the State;

5 (K) Financing agreements under chapter 37D;

6 (L) Educational materials and related training for
7 direct student instruction in career and
8 technical education programs as defined in
9 section 302A-101, including supplies, implements,
10 tools, machinery, electronic devices, or other
11 goods purchased by the department of education;
12 provided that:

13 (i) The department of education shall acquire
14 three written quotes for purchases that
15 exceed \$100,000 made pursuant to this
16 subparagraph;

17 (ii) Awards over \$2,500 shall comply with section
18 103D-310(c); and

19 (iii) Awards over \$500,000 shall be approved by
20 the superintendent of education; and



1 (M) Any other goods or services that the policy board
2 determines by rules or the chief procurement
3 officer determines in writing is available from
4 multiple sources but for which procurement by
5 competitive means is either not practicable or
6 not advantageous to the State; and

7 (5) That are specific procurements expressly exempt from
8 any or all of the requirements of this chapter by:

9 (A) References in state or federal law to provisions
10 of this chapter or a section of this chapter, or
11 references to a particular requirement of this
12 chapter; and

13 (B) Trade agreements, including the Uruguay Round
14 General Agreement on Tariffs and Trade (GATT),
15 that require certain non-construction and
16 non-software development procurements by the
17 comptroller to be conducted in accordance with
18 its terms."

19 SECTION 5. Section 201H-202, Hawaii Revised Statutes, is
20 amended by amending subsection (e) to read as follows:



1 "(e) Moneys available in the fund shall be used for the
2 purpose of providing, in whole or in part, loans for rental
3 housing projects demonstrating project readiness, efficiency,
4 and feasibility acceptable to the corporation in the following
5 order of priority:

6 (1) For projects that were awarded low-income housing
7 credits pursuant to paragraph (2), priority shall be
8 given to projects with a perpetual affordability
9 commitment;

10 (2) Projects or units in projects that are allocated
11 low-income housing credits pursuant to the state
12 housing credit ceiling under section 42(h) of the
13 Internal Revenue Code of 1986, as amended, or projects
14 or units in projects that are funded by programs of
15 the United States Department of Housing and Urban
16 Development and United States Department of
17 Agriculture Rural Development wherein:

18 (A) At least fifty per cent of the available units
19 are for persons and families with incomes at or
20 below eighty per cent of the median family income
21 of which at least five per cent of the available



1 units are for persons and families with incomes
2 at or below thirty per cent of the median family
3 income; and

4 (B) The remaining units are for persons and families
5 with incomes at or below one hundred per cent of
6 the median family income;

7 provided that the corporation may establish rules to
8 ensure full occupancy of fund projects; ~~and~~

9 (3) Mixed-income rental projects or units in a
10 mixed-income rental project wherein all of the
11 available units are for persons and families with
12 incomes at or below one hundred forty per cent of the
13 median family income~~[+]~~; and

14 (4) The administration and purchase of deed restrictions
15 as part of the accessory dwelling unit financing and
16 deed restriction program under subpart ; provided
17 that there shall be no area median income requirements
18 for moneys expended for the purposes of this program."

19 SECTION 6. Section 247-3, Hawaii Revised Statutes, is
20 amended to read as follows:



- 1 **"§247-3 Exemptions.** The tax imposed by section 247-1
2 shall not apply to:
- 3 (1) Any document or instrument that is executed [~~prior to~~]
4 before January 1, 1967;
- 5 (2) Any document or instrument that is given to secure a
6 debt or obligation;
- 7 (3) Any document or instrument that only confirms or
8 corrects a deed, lease, sublease, assignment,
9 transfer, or conveyance previously recorded or filed;
- 10 (4) Any document or instrument between [~~husband and wife,~~]
11 spouses, reciprocal beneficiaries, or parent and
12 child, in which only a nominal consideration is paid;
- 13 (5) Any document or instrument in which there is a
14 consideration of \$100 or less paid or to be paid;
- 15 (6) Any document or instrument conveying real property
16 that is executed pursuant to an agreement of sale, and
17 where applicable, any assignment of the agreement of
18 sale, or assignments thereof; provided that the taxes
19 under this chapter have been fully paid upon the
20 agreement of sale, and where applicable, upon [~~such~~]
21 assignment or assignments of agreements of sale;



- 1 (7) Any deed, lease, sublease, assignment of lease,
2 agreement of sale, assignment of agreement of sale,
3 instrument or writing in which the United States or
4 any agency or instrumentality thereof or the State or
5 any agency, instrumentality, or governmental or
6 political subdivision thereof are the only parties
7 thereto;
- 8 (8) Any document or instrument executed pursuant to a tax
9 sale conducted by the United States or any agency or
10 instrumentality thereof or the State or any agency,
11 instrumentality, or governmental or political
12 subdivision thereof for delinquent taxes or
13 assessments;
- 14 (9) Any document or instrument conveying real property to
15 the United States or any agency or instrumentality
16 thereof or the State or any agency, instrumentality,
17 or governmental or political subdivision thereof
18 pursuant to the threat of the exercise or the exercise
19 of the power of eminent domain;
- 20 (10) Any document or instrument that solely conveys or
21 grants an easement or easements;



- 1 (11) Any document or instrument whereby owners partition
2 their property, whether by mutual agreement or
3 judicial action; provided that the value of each
4 owner's interest in the property after partition is
5 equal in value to that owner's interest before
6 partition;
- 7 (12) Any document or instrument between marital partners or
8 reciprocal beneficiaries who are parties to a divorce
9 action or termination of reciprocal beneficiary
10 relationship that is executed pursuant to an order of
11 the court in the divorce action or termination of
12 reciprocal beneficiary relationship;
- 13 (13) Any document or instrument conveying real property
14 from a testamentary trust to a beneficiary under the
15 trust;
- 16 (14) Any document or instrument conveying real property
17 from a grantor to the grantor's revocable living
18 trust, or from a grantor's revocable living trust to
19 the grantor as beneficiary of the trust;
- 20 (15) Any document or instrument conveying real property, or
21 any interest therein, from an entity that is a party



1 to a merger or consolidation under chapter 414, 414D,
2 415A, 421, 421C, 425, 425E, or 428 to the surviving or
3 new entity;

4 (16) Any document or instrument conveying real property, or
5 any interest therein, from a dissolving limited
6 partnership to its corporate general partner that
7 owns, directly or indirectly, at least a ninety per
8 cent interest in the partnership, determined by
9 applying section 318 (with respect to constructive
10 ownership of stock) of the federal Internal Revenue
11 Code of 1986, as amended, to the constructive
12 ownership of interests in the partnership; [~~and~~

13 ~~+] (17) [~~+~~] Any document or instrument that conforms to the
14 transfer on death deed as authorized under chapter
15 527~~[-]~~; and~~

16 (18) Any document or instrument conveying real property
17 with a county-owned deed restriction pursuant to
18 subpart , part III of chapter 201H, including any
19 document or instrument conveying the county-owned deed
20 restriction."



1 SECTION 7. Section 525-4, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§525-4 Exclusions from statutory rule against**
4 **perpetuities.** Section 525-1 shall not apply to:

- 5 (1) A fiduciary's power to sell, lease, or mortgage
6 property, and the power of a fiduciary to determine
7 principal and income;
- 8 (2) A discretionary power of a trustee to distribute
9 principal before termination of a trust;
- 10 (3) A nonvested property interest held by a charity,
11 government, or governmental agency or subdivision, if
12 the nonvested property interest is preceded by an
13 interest held by another charity, government, or
14 governmental agency or subdivision;
- 15 (4) A property interest in or a power of appointment with
16 respect to a pension, profit-sharing, stock bonus,
17 health, disability, death benefit, income deferral, or
18 other current or deferred benefit plan for one or more
19 employees, independent contractors, or their
20 beneficiaries or spouses;



- 1 (5) A property interest, power of appointment, or
2 arrangement that was not subject to the common-law
3 rule against perpetuities or is excluded by any other
4 applicable law; [~~or~~]
- 5 (6) A trust described in chapter 554G[~~-~~]; or
- 6 (7) A property interest in property with a county-owned
7 deed restriction in place pursuant to subpart _____,
8 part III of chapter 201H."

9 SECTION 8. The Hawaii housing finance and development
10 corporation shall submit a report of its evaluation of the
11 accessory dwelling unit financing and deed restriction program
12 established in section 2 of this Act, including any proposed
13 legislation, to the legislature no later than twenty days prior
14 to the convening of the regular session of 2031.

15 SECTION 9. In codifying the new sections added by
16 section 2 of this Act, the revisor of statutes shall substitute
17 appropriate section numbers for the letters used in designating
18 the new sections in this Act.

19 SECTION 10. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 11. This Act shall take effect on July 1, 2050;
2 provided that the amendments made to section 103D-102(b), Hawaii
3 Revised Statutes, by section 4 of this Act shall not be repealed
4 when that section is reenacted on July 1, 2027, pursuant to
5 section 4 of Act 150, Session Laws of Hawaii 2024; provided
6 further that section 6 shall take effect on January 1, 2026;
7 provided further that this Act shall be repealed on January 1,
8 2031, and sections 46-15.2, 103D-102, 201H-202, 247-3, and
9 525-4, Hawaii Revised Statutes, shall be reenacted in the form
10 in which they read on the day before the effective date of this
11 Act.



Report Title:

Hawaii Housing Finance and Development Corporation; Rental Housing Revolving Fund; Counties; Accessory Dwelling Units; Purchase of Equity; Voluntary Deed Restrictions

Description:

Establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties for the purchase of equity in an accessory dwelling unit by the State. Specifies eligible homeowners or homebuyers for the Program to finance construction costs, development costs, and non-reoccurring closing costs associated with the construction of an accessory dwelling unit and purchase deed restrictions on the property. Sunsets 1/1/2031. Takes effect 7/1/2050. (SD1)

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

