
A BILL FOR AN ACT

RELATING TO PROPERTY CONVEYANCE.

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

1 SECTION 1. Section 171-19, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:
3 "(a) There is created in the department a special fund to
4 be designated as the "special land and development fund".
5 Subject to the Hawaiian Homes Commission Act of 1920, as
6 amended, and section 5(f) of the Admission Act of 1959, all
7 proceeds of sale of public lands, including interest on deferred
8 payments; all moneys collected under section 171-58 for mineral
9 and water rights; all rents from leases, licenses, and permits
10 derived from public lands; all moneys collected from lessees of
11 public lands within industrial parks; all fees, fines, and other
12 administrative charges collected under this chapter and
13 chapter 183C; a portion of the highway fuel tax collected under
14 chapter 243; a portion of the transient accommodations tax under
15 chapter 237D; a portion of the conveyance tax collected under
16 chapter 247; all moneys collected by the department for the
17 commercial use of public trails and trail accesses under the



1 jurisdiction of the department; and private contributions for
2 the management, maintenance, and development of trails and
3 accesses shall be set apart in the fund and shall be used only
4 as authorized by the legislature for the following purposes:

- 5 (1) To reimburse the general fund of the State for
6 advances made that are required to be reimbursed from
7 the proceeds derived from sales, leases, licenses, or
8 permits of public lands;
- 9 (2) For the planning, development, management, operations,
10 or maintenance of all lands and improvements under the
11 control and management of the board pursuant to
12 title 12, including but not limited to permanent or
13 temporary staff positions who may be appointed without
14 regard to chapter 76;
- 15 (3) To repurchase any land, including improvements, in the
16 exercise by the board of any right of repurchase
17 specifically reserved in any patent, deed, lease, or
18 other documents or as provided by law;
- 19 (4) For the payment of all appraisal fees; provided that
20 all fees reimbursed to the board shall be deposited in
21 the fund;



- 1 (5) For the payment of publication notices as required
2 under this chapter; provided that all or a portion of
3 the expenditures may be charged to the purchaser or
4 lessee of public lands or any interest therein under
5 rules adopted by the board;
- 6 (6) For the management, maintenance, land acquisition, and
7 development of trails and trail accesses under the
8 jurisdiction of the department;
- 9 (7) For the payment to private land developers who have
10 contracted with the board for development of public
11 lands under section 171-60;
- 12 (8) For the payment of debt service on revenue bonds
13 issued by the department, including revenue bonds
14 issued for the purposes of section 237D-6.5(b)(4), and
15 the establishment of debt service and other reserves
16 deemed necessary by the board;
- 17 (9) To reimburse the general fund for debt service on
18 general obligation bonds issued to finance
19 departmental projects, including projects under
20 section 237D-6.5(b)(4), where the bonds are designated



1 to be reimbursed from the special land and development
2 fund;

3 (10) For the protection, planning, management, and
4 regulation of water resources under chapter 174C;

5 (11) For the purposes of section 237D-6.5(b)(4); and

6 (12) For other purposes of this chapter."

7 SECTION 2. Section 198D-2, Hawaii Revised Statutes, is
8 amended as follows:

9 1. By amending subsection (b) to read:

10 "(b) The trail and access program shall use funding for
11 the management, maintenance, land acquisition, and development
12 of trails and trail accesses under the jurisdiction of the
13 department from the following sources:

14 (1) A portion of the highway fuel taxes collected under
15 chapter 243;

16 (2) Federal government grants;

17 (3) Private contributions; [~~and~~]

18 (4) Fees, established pursuant to administrative rules and
19 charged by the department for the commercial and other
20 use of trails and trail accesses under the
21 jurisdiction of the department[]; and



1 (5) A portion of the conveyance tax collected under
2 chapter 247."

3 2. By amending subsection (d) to read:

4 "(d) The moneys specified in subsection (b)(1), (3), [~~and~~]
5 (4), and (5) shall be deposited in the special land and
6 development fund under section 171-19 for the management,
7 maintenance, land acquisition, and development of trails and
8 trail accesses under the jurisdiction of the department."

9 SECTION 3. Section 201H-191, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§201H-191 Dwelling unit revolving fund.** (a) There is
12 created a dwelling unit revolving fund. The funds appropriated
13 for the purpose of the dwelling unit revolving fund [~~and~~],
14 conveyance taxes received pursuant to section 247-7(3), and all
15 moneys received or collected by the corporation for the purpose
16 of the revolving fund shall be deposited in the revolving fund.
17 The proceeds in the revolving fund shall be used:

18 (1) To reimburse the general fund to pay the interest on
19 general obligation bonds issued for the purposes of
20 the revolving fund;



- 1 (2) For necessary expenses in administering housing
2 development programs, regional state infrastructure
3 programs, and the government employee housing program
4 pursuant to part V; [~~and~~]
- 5 (3) To carry out the purposes of housing development
6 programs, regional state infrastructure programs, and
7 the government employee housing program pursuant to
8 part V, including but not limited to the expansion of
9 community facilities and regional state infrastructure
10 constructed in conjunction with housing and mixed-use
11 transit-oriented development projects, permanent
12 primary or secondary financing, and supplementing
13 building costs, federal guarantees required for
14 operational losses[~~, and all~~];
- 15 (4) To fund infrastructure programs in areas that meet
16 transit-supportive density requirements; provided that
17 proceeds from the conveyance tax deposited pursuant to
18 section 247-7(3) shall only be used for the purposes
19 of this paragraph; and



1 (5) All things required by any federal agency in the
2 construction and receipt of federal funds or
3 low-income housing tax credits for housing projects.

4 (b) Subject to the requirements of subsection (a),
5 proceeds in the revolving fund may be used to:

6 (1) Establish and operate regional state infrastructure
7 subaccounts pursuant to section 201H-191.5; and

8 (2) Administer, implement, and finance the government
9 employee housing program pursuant [+]to[+] part V.

10 (c) For the purposes of this section:

11 "County-designated transit-oriented development area" means
12 a geographic area designated by a county for transit-oriented
13 development by an adopted ordinance, plan, or resolution. These
14 areas shall generally consist of lands within a one-half-mile
15 radius of a transit hub or transit station but may extend
16 further when there is state and county agreement about the
17 extent of the transit-oriented development area.

18 "Floor area ratio" means the quotient, expressed as a
19 decimal number, that results from dividing a structure's total
20 floor area by the total area of the lot or parcel on which the
21 structure is located.



1 "Ministerial permit" means a permit processed based upon
2 standards established through county ordinance or rule and
3 issued by the director of the county agency responsible for land
4 use or a single county officer designated by ordinance.

5 "Transit-supportive density requirements" means a
6 county-designated transit-oriented development area:

7 (1) With development standards that allow a floor area
8 ratio of at least:

9 (A) 4.0 for all uses that are permitted in a
10 county-designated transit-oriented development
11 area or by the underlying county zoning;

12 (B) 6.0 for all uses that are permitted in a
13 county-designated transit-oriented development
14 area within one-half mile of a station of a
15 locally preferred alternative for a mass transit
16 project; and

17 (C) For all uses that are permitted within
18 one-quarter mile of a station of a locally
19 preferred alternative for a mass transit project,
20 whichever is greater:

21 (i) 7.0;



1 consideration (whether cash or otherwise, including any promise,
2 act, forbearance, property interest, value, gain, advantage,
3 benefit, or profit), paid or to be paid for all transfers or
4 conveyance of realty or any interest therein, that shall include
5 any liens or encumbrances thereon at the time of sale, lease,
6 sublease, assignment, transfer, or conveyance, and shall be at
7 the following rates:

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

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

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

16 (C) [~~Thirty cents per \$100 for~~] For properties with a
17 value of at least \$1,000,000, but less than
18 \$2,000,000[+]: \$ plus cents per
19 \$100 of excess over \$1,000,000;

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



1 \$4,000,000[+]: \$ _____ plus _____ cents per
2 \$100 of excess over \$2,000,000;

3 (E) [~~Seventy cents per \$100 for~~] For properties with
4 a value of at least \$4,000,000, but less than
5 \$6,000,000[+]: \$ _____ plus \$ _____ per
6 \$100 of excess over \$4,000,000;

7 (F) [~~Ninety cents per \$100 for~~] For properties with a
8 value of at least \$6,000,000, but less than
9 \$10,000,000[+ and]: \$ _____ plus
10 \$ _____ per \$100 of excess over \$6,000,000;

11 and

12 (G) [~~One dollar per \$100 for~~] For properties with a
13 value of at least \$10,000,000 [~~or greater; and~~]:
14 \$ _____ plus \$ _____ per \$100 of excess
15 over \$10,000,000; and

16 (2) For the sale of a condominium [~~or~~], single family
17 residence, or land zoned agricultural with a
18 residential dwelling unit, for which the purchaser is
19 ineligible for a county homeowner's exemption on
20 property tax:



- 1 (A) [~~Fifteen cents per \$100 for~~] For properties with
- 2 a value of less than \$600,000[+]: _____ cents
- 3 per \$100;
- 4 (B) [~~Twenty five cents per \$100 for~~] For properties
- 5 with a value of at least \$600,000, but less than
- 6 \$1,000,000[+]: \$ _____ plus _____ cents per
- 7 \$100 of excess over \$600,000;
- 8 (C) [~~Forty cents per \$100 for~~] For properties with a
- 9 value of at least \$1,000,000, but less than
- 10 \$2,000,000[+]: \$ _____ plus _____ cents per
- 11 \$100 of excess over \$1,000,000;
- 12 (D) [~~Sixty cents per \$100 for~~] For properties with a
- 13 value of at least \$2,000,000, but less than
- 14 \$4,000,000[+]: \$ _____ plus \$ _____ per
- 15 \$100 of excess over \$2,000,000;
- 16 (E) [~~Eighty five cents per \$100 for~~] For properties
- 17 with a value of at least \$4,000,000, but less
- 18 than \$6,000,000[+]: \$ _____ plus
- 19 \$ _____ per \$100 of excess over \$4,000,000;
- 20 (F) [~~One dollar and ten cents per \$100 for~~] For
- 21 properties with a value of at least \$6,000,000,



1 but less than \$10,000,000~~[, and]~~;
 2 \$ _____ plus \$ _____ per \$100 of excess
 3 over \$6,000,000; and

4 (G) ~~[One dollar and twenty five cents per \$100 for]~~
 5 For properties with a value of \$10,000,000 or
 6 greater~~[,]~~: \$ _____ plus \$ _____ per
 7 \$100 of excess over \$10,000,000,

8 of ~~[such]~~ the actual and full consideration; provided that in
 9 the case of a lease or sublease, this chapter shall apply only
 10 to a lease or sublease whose full unexpired term is for a period
 11 of five years or more~~[, and in those cases, including (where~~
 12 ~~appropriate) those cases where the]~~; provided further that if a
 13 lease has been extended or amended, the tax in this chapter
 14 shall be based on the cash value of the lease rentals discounted
 15 to present day value and capitalized at the rate of six per
 16 cent, plus the actual and full consideration paid or to be paid
 17 for any and all improvements, if any, that shall include on-site
 18 as well as off-site improvements, applicable to the leased
 19 premises; ~~[and]~~ provided further that the tax imposed for each
 20 transaction shall be not less than \$1.



1 The rates in this section shall apply to the transfer or
2 conveyance of a multifamily residential property; provided that
3 "value", for purposes of determining the applicable rate, means
4 an amount calculated by dividing the actual and full
5 consideration for the transfer or conveyance of realty or any
6 interest therein by the number of residential dwelling units in
7 the property. For the purposes of this subsection, "multifamily
8 residential property" means a structure that is located within
9 the state urban land use district and divided into five or more
10 dwelling units.

11 (b) For each taxable year beginning after December 31,
12 2027, the director of taxation, no later than December 15 of the
13 preceding calendar year, shall recompute the value in
14 subsections 247-2(a)(1) and (2) by multiplying the dollar
15 amounts for the preceding taxable year by the cost-of-living
16 adjustment factor, if the cost-of-living adjustment factor is
17 greater than 1.0, and rounding off the resulting product to the
18 nearest \$1; provided that if the cost-of-living adjustment
19 factor is less than or equal to 1.0 in a given year, then no
20 adjustment shall occur in the following year.



1 As used in this subsection, "cost-of-living adjustment
2 factor" means a factor calculated by adding 1.0 to the quotient
3 of the percentage change in the Urban Hawaii Consumer Price
4 Index for all items divided by one hundred, as published by the
5 United States Department of Labor, from July of the preceding
6 calendar year to July of the current calendar year; provided
7 that if the Urban Hawaii Consumer Price Index is discontinued,
8 the Chained Consumer Price Index for All Urban Consumers, as
9 published by the United States Department of Labor, shall be
10 used to calculate the cost-of-living adjustment factor."

11 SECTION 5. This Act does not affect rights and duties that
12 matured, penalties that were incurred, and proceedings that were
13 begun before its effective date.

14 SECTION 6. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 7. This Act shall take effect on July 1, 2050.



Report Title:

Conveyance Tax; Land Conservation Fund; Special Land and Development Fund; Dwelling Unit Revolving Fund; Infrastructure Funding; County-Designated Transit-Oriented Development

Description:

Restructures the conveyance tax to a marginal rate system and adjusts the tax for multifamily properties to reflect value on a per-unit basis. Adds the Special Land and Development Fund (to fund land acquisition for the Hawaii Statewide Trail and Access Program) and the Dwelling Unit Revolving Fund (to fund infrastructure programs in county-designated transit-oriented development areas). Effective 7/1/2050. (SD2)

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