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A BILL FOR AN ACT

RELATING TO THE CONVEYANCE TAX.

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

1 SECTION 1. Section 247-7, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 **"§247-7 Disposition of taxes.** All taxes collected under  
4 this chapter shall be [~~paid into the state treasury to the~~  
5 ~~credit of the general fund of the State, to be used and expended~~  
6 ~~for the purposes for which the general fund was created and~~  
7 ~~exists by law; provided that of the taxes collected each fiscal~~  
8 ~~year:] distributed as follows:~~

9 (1) Ten per cent shall be paid into the land conservation  
10 fund established pursuant to section 173A-5;

11 (2) [~~Thirty~~] Sixty-five per cent shall be paid into the  
12 rental housing trust fund established by section 201G-  
13 432; and

14 (3) Twenty-five per cent shall be paid into the natural  
15 area reserve fund established by section 195-9;  
16 provided that the funds paid into the natural area  
17 reserve fund shall be annually disbursed by the

H.B. NO. 2356

1 department of land and natural resources in the  
2 following priority:

- 3 (A) To natural area partnership and forest  
4 stewardship programs after joint consultation  
5 with the forest stewardship committee and the  
6 natural area reserves system commission;
- 7 (B) Projects undertaken in accordance with watershed  
8 management plans pursuant to section 171-58 or  
9 watershed management plans negotiated with  
10 private landowners, and management of the natural  
11 area reserves system pursuant to section 195-3;  
12 and
- 13 (C) The youth conservation corps established under  
14 chapter 193."

15 SECTION 2. There is appropriated out of the rental housing  
16 trust fund the sum of \$6,300,000, or so much as may be necessary,  
17 for fiscal year 2006-2007. The sum appropriated shall be  
18 expended by the Hawaii housing finance and development  
19 administration for the purposes of the rental housing trust fund  
20 as defined in section 201G-432, Hawaii Revised Statutes.

21 SECTION 3. Statutory material to be repealed is bracketed  
22 and stricken. New statutory material is underscored.

23 SECTION 4. This Act shall take effect on July 1, 2006.

H . B . NO . 2350

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INTRODUCED BY: Calvin K. L. Boy

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BY REQUEST

JAN 23 2006

JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX.

PURPOSE: To increase the amount of collections deposited into the Rental Housing Trust Fund (RHTF) from the conveyance tax from thirty percent to sixty-five percent.

MEANS: Amend section 247-7, Hawaii Revised Statutes.

JUSTIFICATION: The conveyance tax is the main source of funding for the RHTF. Distribution of revenues collected from the tax is as follows:

- 35% deposited into the General Fund;
- 10% deposited into the Land Conservation Fund;
- 30% deposited into the RHTF; and
- 25% deposited into the Natural Area Reserve Fund.

With the healthy economic outlook the State is now enjoying, and the increased revenue projections for the next six years, the portion of the conveyance tax that is collected and deposited into the General Fund should be redirected to support the development of affordable rental housing for families with low to moderate incomes. This would mean at least an additional \$12.25 million for the RHTF in fiscal year 2006-2007.

Impact on the public: Will provide more funding for affordable rental housing.

Impact on the department and other agencies: Will allow Housing and Community Development Corporation of Hawaii, or successor agency, to provide greater assistance to people in need of affordable rental housing.

GENERAL FUND: At least \$12.25 million now deposited in the state general fund will be diverted to the RHTF.

OTHER FUNDS: \$12.25 million in additional funds will be deposited into the RHTF.

PPBS PROGRAM  
DESIGNATION: HMS 231 or, effective July 1, 2006, BED 231.

OTHER AFFECTED  
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: July 1, 2006.