

JAN 22 2007

S.B. NO. 1349

A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. Act 100, Session Laws of Hawaii 2006, provided
2 a temporary increase in disposition of conveyance tax revenues
3 for the rental housing trust fund from thirty per cent to fifty
4 per cent until June 30, 2007. The purpose of this Act is to
5 permanently increase the disposition of conveyance tax revenues
6 to the rental housing trust fund to sixty-five per cent to
7 provide a dedicated source of funding to finance the
8 construction or substantial rehabilitation of affordable rental
9 housing projects.

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

12 "**§247-7 Disposition of taxes.** All taxes collected each
13 fiscal year under this chapter shall be paid into the state
14 treasury to the credit of the general fund of the State, to be
15 used and expended for the purposes for which the general fund
16 was created and exists by law; provided that of the taxes
17 collected each fiscal year;

- 1 (1) Ten per cent shall be paid into the land conservation
2 fund established pursuant to section 173A-5;
- 3 (2) [~~Fifty~~] Sixty-five per cent shall be paid into the
4 rental housing trust fund established by section
5 ~~[201G-432,]~~ 201H-202; and
- 6 (3) Twenty-five per cent shall be paid into the natural
7 area reserve fund established by section 195-9;
8 provided that the funds paid into the natural area
9 reserve fund shall be annually disbursed by the
10 department of land and natural resources in the
11 following priority:
- 12 (A) To natural area partnership and forest
13 stewardship programs after joint consultation
14 with the forest stewardship committee and the
15 natural area reserves system commission;
- 16 (B) Projects undertaken in accordance with watershed
17 management plans pursuant to section 171-58 or
18 watershed management plans negotiated with
19 private landowners, and management of the natural
20 area reserves system pursuant to section 195-3;
21 and

1 (C) The youth conservation corps established under
2 chapter 193."

3 SECTION 3. Act 100, Session Laws of Hawaii 2006, is
4 amended by amending section 30 to read as follows:

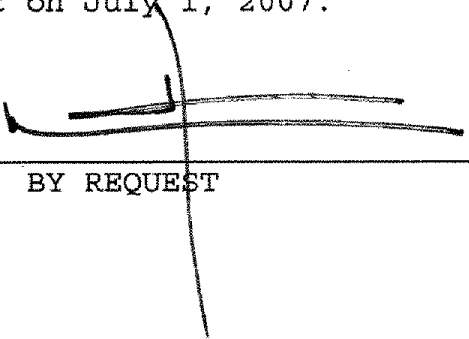
5 "SECTION 30. This Act shall take effect on July 1, 2006[+
6 ~~provided that on June 30, 2007, section 21 shall be repealed and~~
7 ~~section 247-7, Hawaii Revised Statutes, shall be reenacted in~~
8 ~~the form in which it read on the day before the approval of this~~
9 ~~Act]."~~

10 SECTION 4. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 5. This Act shall take effect on June 29, 2007,
13 except that section 2 shall take effect on July 1, 2007.

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INTRODUCED BY: _____


BY REQUEST

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development and Tourism

TITLE: A BILL FOR AN ACT RELATING TO HOUSING.

PURPOSE: Increase the allocation of conveyance tax revenues to the rental housing trust fund from fifty percent to sixty-five percent.

MEANS: Amend section 247-7, Hawaii Revised Statutes, and section 30 of Act 100, Session Laws of Hawaii 2006.

JUSTIFICATION: There is a substantial need for affordable rental housing throughout the State of Hawaii. However, resources to finance the development or rehabilitation of such housing are limited.

The rental housing trust fund's (RHTF) share of conveyance tax revenues is its primary dedicated source of funding. The RHTF provides equity gap financing for construction or substantial rehabilitation of affordable rental housing projects throughout the State. Act 100, SLH 2006, increased the RHTF's share of conveyance tax revenues to fifty per cent for a one year period. As a result, since July 1, 2006, approximately \$2 million per month has been deposited into the RHTF due to the high number of real estate transactions this year.

The need for additional affordable rental units remains critical. The Governor's HEART team, which is working to address the emergency of homelessness on the Leeward Coast of Oahu, has noted that a key difficulty in moving homeless families off of the beaches is the fact that there is a dearth of available rental units in which to place current homeless shelter residents.

The current uncommitted balance of the RHTF is approximately \$27 million. In its next RHTF funding round, the Hawaii housing finance and development corporation (HHFDC) anticipates receiving several applications that will utilize most of the uncommitted RHTF balance. Accordingly, a permanent increase to these funds will be required to ensure that all potential affordable rental housing projects can access the funding needed to proceed.

Impact on the public: Increased supply of affordable rental housing.

Impact on the department and other agencies: The HHFDC will be able to provide financing assistance to facilitate the development of additional affordable rental housing projects.

GENERAL FUND: \$17,500,000 (approx.) per year.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BED 160

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: June 29, 2007, except that section 2 shall take effect on July 1, 2007.