
A BILL FOR AN ACT

RELATING TO THE CONVEYANCE TAX.

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

1 SECTION 1. The legislature finds that immediate action is
2 needed to secure Hawaii's water supply. Hotter, drier
3 conditions and damaged watershed forests are escalating the
4 costs of and conflicts over water.

5 Protecting forest watersheds is a very cost effective and
6 efficient way to absorb rainwater and replenish ground water.
7 Watersheds also reduce impacts from climate change by absorbing
8 greenhouse gases. Additionally, forests ensure sustainability
9 of irreplaceable cultural values and natural resources.

10 Half of Hawaii's forests have already been lost.
11 Introduced animals, such as feral pigs, sheep, deer, and goats,
12 trample and devour vegetation, leaving bare ground or openings
13 for invasive plants that consume more water and increase runoff.
14 Controlling these and other threats requires a large-scale
15 effort to protect these irreplaceable natural assets.

16 Governor Neil Abercrombie's "A New Day in Hawaii" plan
17 calls for stewardship of the natural resources that our way of
18 life and economy depend on. Priority actions of the plan



1 include managing invasive species, protecting forests, and
2 restoring capabilities of the department of land and natural
3 resources by finding additional sources of funding. The
4 Abercrombie administration's New Day Status Report also tasks
5 the department of land and natural resources to ensure mauka
6 watersheds are fully functioning so fresh water resources can be
7 utilized and enjoyed by the people of Hawaii in perpetuity. To
8 implement these central goals of the Abercrombie administration,
9 the department of land and natural resources released "The Rain
10 Follows the Forest - A Plan to Protect Hawaii's Source of
11 Water."

12 "The Rain Follows the Forest - A Plan to Protect Hawaii's
13 Source of Water" identifies priority watersheds and outlines on-
14 the-ground actions and projects required to protect and sustain
15 Hawaii's critical water sources. The forests and their ability
16 to capture water depend on the protection provided by the
17 actions listed in this plan. Currently, only ten per cent
18 (approximately 90,000 acres) of the priority watershed areas are
19 protected. This level of management has taken forty years to
20 achieve. The department of land and natural resources' goal is
21 to double the amount of protected watershed areas in just ten



1 years. This will require approximately \$11,000,000 per year,
2 and create over one hundred fifty local jobs.

3 The legislature also finds that the nexus is clear to use a
4 portion of the conveyance tax for watershed protection. The
5 development, sale, and improvement of real estate in Hawaii puts
6 additional pressure on watersheds, Hawaii's water resources, and
7 watershed recharge areas. Protecting watersheds benefits
8 Hawaii's economy, environment, and quality of life. While
9 watershed protection is one of many authorized beneficiaries of
10 the natural area reserve fund, additional funding is needed to
11 restore Hawaii's watershed health and function and control
12 invasive species. This additional funding will support the
13 goals of the Abercrombie administration and the department of
14 land and natural resources' watershed plan, ensuring that
15 watershed protection funding is commensurate with the magnitude
16 of effort needed to ensure Hawaii's water supply for the future.

17 The purpose of this Act is to amend the amount of
18 conveyance tax and portions of the tax's revenues directed
19 toward watershed protection and invasive species control.

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



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

- 10 (1) Except as provided in paragraph (2):
- 11 (A) Ten cents per \$100 for properties with a value of
12 less than \$600,000;
 - 13 (B) Twenty cents per \$100 for properties with a value
14 of at least \$600,000, but less than \$1,000,000;
 - 15 (C) Thirty cents per \$100 for properties with a value
16 of at least \$1,000,000, but less than \$2,000,000;
 - 17 (D) [~~Fifty~~] _____ cents per \$100 for properties
18 with a value of at least \$2,000,000, but less
19 than \$4,000,000;
 - 20 (E) [~~Seventy cents~~] _____ per \$100 for
21 properties with a value of at least \$4,000,000,
22 but less than \$6,000,000;



- 1 (F) [~~Ninety cents~~] _____ per \$100 for properties
- 2 with a value of at least \$6,000,000, but less
- 3 than \$10,000,000; and
- 4 (G) [~~One dollar~~] _____ per \$100 for properties
- 5 with a value of \$10,000,000 or greater; and
- 6 (2) For the sale of a condominium or single family
- 7 residence for which the purchaser is ineligible for a
- 8 county homeowner's exemption on property tax:
- 9 (A) Fifteen cents per \$100 for properties with a
- 10 value of less than \$600,000;
- 11 (B) Twenty-five cents per \$100 for properties with a
- 12 value of at least \$600,000, but less than
- 13 \$1,000,000;
- 14 (C) Forty cents per \$100 for properties with a value
- 15 of at least \$1,000,000, but less than \$2,000,000;
- 16 (D) [~~Sixty~~] _____ cents per \$100 for properties
- 17 with a value of at least \$2,000,000, but less
- 18 than \$4,000,000;
- 19 (E) [~~Eighty five~~] _____ cents per \$100 for
- 20 properties with a value of at least \$4,000,000,
- 21 but less than \$6,000,000;



1 (F) [~~One dollar and ten~~] _____ cents per \$100
2 for properties with a value of at least
3 \$6,000,000, but less than \$10,000,000; and
4 (G) [~~One dollar and twenty five cents~~] _____ per
5 \$100 for properties with a value of \$10,000,000
6 or greater,
7 of such actual and full consideration; provided that in the case
8 of a lease or sublease, this chapter shall apply only to a lease
9 or sublease whose full unexpired term is for a period of five
10 years or more, and in those cases, including (where appropriate)
11 those cases where the lease has been extended or amended, the
12 tax in this chapter shall be based on the cash value of the
13 lease rentals discounted to present day value and capitalized at
14 the rate of six per cent, plus the actual and full consideration
15 paid or to be paid for any and all improvements, if any, that
16 shall include on-site as well as off-site improvements,
17 applicable to the leased premises; and provided further that the
18 tax imposed for each transaction shall be not less than \$1."

19 SECTION 3. Section 247-7, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "**§247-7 Disposition of taxes.** All taxes collected under
22 this chapter shall be paid into the state treasury to the credit



1 of the general fund of the State, to be used and expended for
2 the purposes for which the general fund was created and exists
3 by law; provided that of the taxes collected each fiscal year:

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

6 (2) [~~Twenty five per cent from July 1, 2009, until June~~
7 ~~30, 2012, and thirty~~] _____ per cent [~~in each~~
8 ~~fiscal year thereafter~~] shall be paid into the rental
9 housing trust fund established by section 201H-202;
10 and

11 (3) [~~Twenty per cent from July 1, 2009, until June 30,~~
12 ~~2012, and twenty five~~] _____ per cent [~~in each~~
13 ~~fiscal year thereafter~~] shall be paid into the natural
14 area reserve fund established by section 195-9;
15 provided that the funds paid into the natural area
16 reserve fund shall be annually disbursed by the
17 department of land and natural resources [~~in~~] for the
18 following [~~priority~~] purposes:

19 (A) To natural area partnership and forest
20 stewardship programs after joint consultation
21 with the forest stewardship committee and the
22 natural area reserves system commission;



1 (B) Projects undertaken in accordance with watershed
2 management plans pursuant to section 171-58 or
3 watershed management plans negotiated with
4 private landowners, and management of the natural
5 area reserves system pursuant to section 195-3;
6 [~~and~~]

7 (C) The youth conservation corps established under
8 chapter 193[~~-~~];

9 (D) Projects undertaken in accordance with
10 departmental watershed management plans to
11 protect and restore Hawaii's source of water; and

12 (E) Projects for invasive species control including
13 those developed under chapter 194."

14 SECTION 4. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 5. This Act shall take effect on July 1, 2013, and
17 shall be repealed on June 30, 2016; provided that sections 247-2
18 and 247-7, Hawaii Revised Statutes, shall be reenacted in the
19 form in which they read on June 29, 2013.



Report Title:

Watershed Protection; Invasive Species Control; Conveyance Tax

Description:

Amends the conveyance tax on certain real estate transactions and allocates a portion of conveyance tax proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control. Effective July 1, 2013. Repealed June 30, 2016. (HB935 HD1)

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

