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# A BILL FOR AN ACT

RELATING TO HOUSING PRODUCTION.

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

1       SECTION 1. The legislature finds that the State has a  
2 housing crisis. In March 2015, the department of business,  
3 economic development, and tourism found that during the 2015-  
4 2025 period the demand for additional housing units is: 25,847  
5 units for the city and county of Honolulu, 19,610 units for  
6 Hawaii county, 13,949 units for Maui county, and 5,287 units for  
7 Kauai county. While this forecast projects an acute housing  
8 shortage from 2015 to 2025, there has been a lack of measureable  
9 progress at the county level to enact policies that will  
10 stimulate housing production to meet projected demand.

11       The purpose of this Act is to require the counties to focus  
12 on being proactive in the production of new housing rather than  
13 reacting to individual housing projects by requiring each county  
14 to annually authorize the construction of ten per cent of the  
15 forecasted demand over the next ten years.

16       SECTION 2. Section 237D-6.5, Hawaii Revised Statutes, is  
17 amended by amending subsection (b) to read as follows:



1       "(b) Except for the revenues collected pursuant to section  
2 237D-2(e), revenues collected under this chapter shall be  
3 distributed in the following priority, with the excess revenues  
4 to be deposited into the general fund:

5       (1) \$1,500,000 shall be allocated to the Turtle Bay  
6 conservation easement special fund beginning July 1,  
7 2015, for the reimbursement to the state general fund  
8 of debt service on reimbursable general obligation  
9 bonds, including ongoing expenses related to the  
10 issuance of the bonds, the proceeds of which were used  
11 to acquire the conservation easement and other real  
12 property interests in Turtle Bay, Oahu, for the  
13 protection, preservation, and enhancement of natural  
14 resources important to the State, until the bonds are  
15 fully amortized;

16       (2) \$26,500,000 shall be allocated to the convention  
17 center enterprise special fund established under  
18 section 201B-8;

19       (3) \$82,000,000 shall be allocated to the tourism special  
20 fund established under section 201B-11; provided that:



1           (A) Beginning on July 1, 2012, and ending on June 30,  
2                   2015, \$2,000,000 shall be expended from the  
3                   tourism special fund for development and  
4                   implementation of initiatives to take advantage  
5                   of expanded visa programs and increased travel  
6                   opportunities for international visitors to  
7                   Hawaii;

8           (B) Of the \$82,000,000 allocated:

9                   (i) \$1,000,000 shall be allocated for the  
10                   operation of a Hawaiian center and the  
11                   museum of Hawaiian music and dance at the  
12                   Hawaii convention center; and

13                  (ii) 0.5 per cent of the \$82,000,000 shall be  
14                   transferred to a sub-account in the tourism  
15                   special fund to provide funding for a safety  
16                   and security budget, in accordance with the  
17                   Hawaii tourism strategic plan 2005-2015; and

18           (C) Of the revenues remaining in the tourism special  
19                   fund after revenues have been deposited as  
20                   provided in this paragraph and except for any sum  
21                   authorized by the legislature for expenditure



1 from revenues subject to this paragraph,  
2 beginning July 1, 2007, funds shall be deposited  
3 into the tourism emergency special fund,  
4 established in section 201B-10, in a manner  
5 sufficient to maintain a fund balance of  
6 \$5,000,000 in the tourism emergency special fund;

7 (4) \$103,000,000 shall be allocated as follows: Kauai  
8 county shall receive 14.5 per cent, Hawaii county  
9 shall receive 18.6 per cent, city and county of  
10 Honolulu shall receive 44.1 per cent, and Maui county  
11 shall receive 22.8 per cent; provided that commencing  
12 with fiscal year 2018-2019, a sum that represents the  
13 difference between a county public employer's annual  
14 required contribution for the separate trust fund  
15 established under section 87A-42 and the amount of the  
16 county public employer's contributions into that trust  
17 fund shall be retained by the state director of  
18 finance and deposited to the credit of the county  
19 public employer's annual required contribution into  
20 that trust fund in each fiscal year, as provided in  
21 section 87A-42, if the respective county fails to



1 remit the total amount of the county's required annual  
2 contributions, as required under section 87A-43;  
3 provided further that commencing with fiscal year  
4 2019-2020 and each year thereafter until fiscal year  
5 2029-2030, each county shall authorize the  
6 construction of new housing units as follows:

7 (A) For the city and county of Honolulu, 2,588 new  
8 housing units;

9 (B) For the county of Hawaii, 1,961 new housing  
10 units;

11 (C) For the county of Maui, 1,395 new housing units;  
12 and

13 (D) For the county of Kauai, 529 new housing units;

14 provided that for each year a county fails to  
15 authorize the construction of the required number of  
16 new housing units, there shall be a reduction of one  
17 per cent of the county's applicable percentage share  
18 of revenues pursuant to this paragraph beginning the  
19 following fiscal year; provided further that for each  
20 year a county's percentage share is reduced for  
21 failure to authorize the construction of the required



1           number of new housing units, the county may recoup the  
2           reduction at a rate of one per cent per year if the  
3           county meets or exceeds the number of new housing  
4           units required to be authorized in the next year; and

5           (5) \$3,000,000 shall be allocated to the special land and  
6           development fund established under section 171-19;  
7           provided that the allocation shall be expended in  
8           accordance with the Hawaii tourism authority strategic  
9           plan for:

10           (A) The protection, preservation, maintenance, and  
11           enhancement of natural resources, including  
12           beaches, important to the visitor industry;

13           (B) Planning, construction, and repair of facilities;  
14           and

15           (C) Operation and maintenance costs of public lands,  
16           including beaches, connected with enhancing the  
17           visitor experience.

18           All transient accommodations taxes shall be paid into the  
19           state treasury each month within ten days after collection and  
20           shall be kept by the state director of finance in special  
21           accounts for distribution as provided in this subsection.



# H.B. NO. 2554

1       As used in this subsection, "fiscal year" means the twelve-  
2 month period beginning on July 1 of a calendar year and ending  
3 on June 30 of the following calendar year."

4       SECTION 3. New statutory material is underscored.

5       SECTION 4. This Act shall take effect on July 1, 2018, and  
6 shall be repealed on June 30, 2031.

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INTRODUCED BY: \_\_\_\_\_

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JAN 24 2018



# H.B. NO. 2554

**Report Title:**

Counties; Housing Production; Requirements; Transient Accommodations Tax

**Description:**

Requires, between fiscal year 2019-2020 and fiscal year 2029-2030, each county to authorize construction for a specified number of new housing units. Reduces the amount of transient accommodations tax revenue the counties receive for failure to meet the requirements. Allows for recoupment of reduction under certain circumstances. Repeals June 30, 2031.

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

