

JAN 21 2022

A BILL FOR AN ACT

RELATING TO CONVEYANCE TAX.

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

1 SECTION 1. The legislature finds that the State
2 desperately needs to increase the development and construction
3 of affordable housing units. The legislature passed Act 127,
4 Session Laws of Hawaii 2016, which established a rental housing
5 goal of developing at least 22,500 rental housing units to be
6 ready for occupancy between 2017 and 2026. The rental housing
7 revolving fund, which provides low-interest loans or grants to
8 qualified owners and developers constructing affordable housing
9 units, can help to fulfill the housing need.

10 The legislature further finds that under the existing
11 statute, fifty per cent or \$38,000,000, whichever is less, is
12 paid annually from the state conveyance tax into the rental
13 housing revolving fund. In three of the last five fiscal years,
14 the existing cap limited rental housing revolving funds from the
15 conveyance tax to \$38,000,000. If there were no cap to these
16 funds, the rental housing revolving fund would have had an
17 additional \$21,555,000 over this time period. The amount



1 allocated to the fund should not be arbitrarily capped, as the
2 fund should reflect increases and decreases based on the health
3 of the economy and conveyance tax revenue collections.

4 Increasing the statutory cap would have the potential to
5 increase the amount available in the rental housing revolving
6 fund to be used for the development, pre-development,
7 construction, acquisition, preservation, and substantial
8 rehabilitation of rental housing units.

9 Accordingly, the purpose of this Act is to increase the cap
10 of funds paid from conveyance tax revenues into the rental
11 housing revolving fund.

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

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

- 19 (1) Ten per cent or \$5,100,000, whichever is less, shall
20 be paid into the land conservation fund established
21 pursuant to section 173A-5; and



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(2) Fifty per cent or [~~\$38,000,000,~~ \$43,000,000,
whichever is less, shall be paid into the rental
housing revolving fund established by section
201H-202."

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

SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY: _____



S.B. NO. 2813

Report Title:

Real Estate Conveyance Tax; Disposition; Rental Housing
Revolving Fund; Cap

Description:

Increases the cap to be paid into the Rental Housing Revolving
Fund from Conveyance Tax revenues from \$38,000,000 to
\$43,000,000.

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not legislation or evidence of legislative intent.*

