

Resolution

No. 24-182

APPROVING PROPOSALS FOR INCLUSION IN THE 2025 HAWAII STATE ASSOCIATION OF COUNTIES LEGISLATIVE PACKAGE

WHEREAS, Section 13C of the Hawaii State Association of Counties' ("HSAC") Bylaws provide for the submittal to the State Legislature an annual HSAC Legislative Package composed of measures approved for inclusion by all four county councils; and

WHEREAS, by correspondence dated October 30, 2024, attached as Exhibit "1," HSAC Executive Director Nahelani Parsons informed the Council of seven proposals approved by the HSAC Executive Committee, at its meeting of October 17, 2024, for possible inclusion in the 2025 HSAC Legislative Package, and nine legislative priorities for the Executive Committee to track and testify on, subject to concurrence by all county councils under Section 10C of the HSAC Bylaws; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That it approves the following proposals, attached to Exhibit "1," for inclusion in the 2025 Hawaii State Association of Counties Legislative Package:
 - A. "A BILL FOR AN ACT RELATING TO DEFERRED RETIREMENT FOR POLICE";
 - B. "A BILL FOR AN ACT RELATING TO HOUSING";
 - C. "A BILL FOR AN ACT RELATING TO CESSPOOLS";
 - D. "A BILL FOR AN ACT RELATING TO THE ENVIRONMENT";
 - E. "A BILL FOR AN ACT RELATING TO THE REGULATION OF TOBACCO PRODUCTS";
 - F. "A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX"; and
 - G. "A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX"; and

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2. That it approves the following legislative priorities, included in Exhibit "1," for inclusion in the 2025 Hawaii State Association of Counties Legislative Package:
 - A. Legislation related to increasing funds for emergency preparedness, evacuation routes, notification systems, and community-level emergency planning;
 - B. Legislation related to lowering the cost and expanding the availability of insurance for homeowners and businesses;
 - C. Legislation related to workforce development, particularly for green jobs and county government positions;
 - D. Legislation related to responsible game management of wild ungulates;
 - E. Legislation related to promoting producer responsibility for solid waste;
 - F. Legislation related to prioritizing and increasing means and infrastructure for multimodal transportation and funding for safe routes to school;
 - G. Legislation related to increasing food security and access to locally-produced food;
 - H. Legislation related to improving public safety, expanding access to mental health resources, and establishing community courts with necessary, comprehensive support services; and
 - I. Legislation related to preventing and addressing squatters and supporting private property owners and communities impacted by squatting; and
3. That a certified copy of this Resolution be transmitted to the Hawaii State Association of Counties Executive Committee.

INTRODUCED BY:

Tamara A.M. Paltin

TAMARA PALTIN

|

Hawai'i State Association of Counties (HSAC)
Counties of Kaua'i, Maui, Hawai'i, and City & County of Honolulu
Website: hawaiicounties.org | Email: hsac@hawaiicounties.org



October 30, 2024

Aloha Council Chair,

Attached for your consideration are proposals to be included in the 2025 Hawai'i State Association of Counties (HSAC) Legislative Package, which were approved by the HSAC Executive Committee on October 17, 2024. Please note that pursuant to Section 10C of the Bylaws of the Hawai'i State Association of Counties, Inc., proposals must be approved by all four County Councils in order to be included in the final package.

2025 HSAC LEGISLATIVE PACKAGE

1. A Bill For An Act Relating to Deferred Retirement for Police (*Proposed by the County of Maui*).
2. A Bill For An Act Relating to Housing (*Proposed by the County of Hawai'i*).
3. A Bill For An Act Relating to Cesspools (*Proposed by the County of Hawai'i*).
4. A Bill For An Act Relating to the Environment (*Proposed by the County of Hawai'i*).
5. A Bill For An Act Relating to the Regulation of Tobacco Products (*Proposed by the County of Hawai'i*).
6. A Bill For An Act Relating to Conveyance Tax (*Proposed by the County of Hawai'i*).
7. A Bill For An Act Relating to General Excise Tax (*Proposed by the County of Hawai'i*).

Legislative Priorities:

All of the following priorities were proposed by the County of Hawai'i.

1. Legislation related to increasing funds for emergency preparedness, evacuation routes, notification systems, and community -level emergency planning;
2. Legislation related to lowering the cost and expanding the availability of insurance for homeowners and businesses;
3. Legislation related to workforce development, particularly for green jobs and county government positions;



4. Legislation related to responsible game management of wild ungulates;
5. Legislation related to promoting producer responsibility for solid waste;
6. Legislation related to prioritizing and increasing means and infrastructure for multimodal transportation and funding for safe routes to school;
7. Legislation related to increasing food security and access to locally- produced food;
8. Legislation related to improving public safety, expanding access to mental health resources, and establishing community courts with necessary, comprehensive support services; and
9. Legislation related to preventing and addressing squatters and supporting private property owners and communities impacted by squatting.

Your attention to this matter is greatly appreciated. Should you have any questions please contact Nahelani Parsons, hsac@hawaiicounties.org

Mahalo,

A handwritten signature in black ink, appearing to read "Nahelani", written in a cursive style.

Nahelani Parsons

HSAC Executive Director

____.B. NO. _____

A BILL FOR AN ACT

RELATING TO DEFERRED RETIREMENT FOR POLICE.

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

1 SECTION 1. The legislature finds that the recruitment and
2 retention of police officers has been difficult for counties and
3 their respective police departments. The implementation of a
4 deferred retirement option program (DROP) would incentivize
5 qualified police officers to continue working beyond the
6 requisite twenty-five years of service and to carry on
7 protecting and serving the community. DROP has been increasingly
8 utilized in many other states and municipalities as an incentive
9 for quality workers to delay retirement.

10 The purpose of this Act is to establish a deferred
11 retirement option program for police and to provide a retention
12 tool for county police departments to incentivize qualified
13 officers who are eligible for retirement to continue working.

14 SECTION 2. Section 88-9, Hawaii Revised Statutes, is
15 amended as follows:

16 1. By amending subsection (a) to read:

17 “(a) [A] Except for police officers enrolled in the
18 deferred retirement option program, a retirant may not be

____.B. NO. _____

1 employed by the State or by any county unless the retirant is
2 reenrolled in the system pursuant to this chapter, or unless the
3 employment, without reenrollment, is authorized by this
4 section. A retirant whose employment without reenrollment in
5 the system is authorized by this section shall acquire no
6 service credit or retirement rights under this chapter with
7 respect to the employment and shall not be considered to be in
8 service for purposes of this chapter."

9 2. By amending subsection (d) to read:

10 "(d) A retirant may be employed without reenrollment in the
11 system and suffer no loss or interruption of benefits provided
12 by the system or under chapter 87A if the retirant is employed:

13 (1) As an elective officer pursuant to section 88-
14 42.6(c) or as a member of the legislature pursuant to section
15 88-73(d);

16 (2) As a juror or precinct official;

17 (3) As a part-time or temporary employee excluded
18 from membership in the system pursuant to section 88-43, as a
19 session employee excluded from membership in the system pursuant
20 to section 88-54.2, as the president and chief executive officer
21 of the Hawaii tourism authority excluded from membership in the
22 system pursuant to section 201B-2, or as any other employee

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1 expressly excluded by law from membership in the system;

2 provided that:

3 (A) The retirant was not employed by the State
4 or a county during the six calendar months prior to the first
5 day of reemployment; and

6 (B) No agreement was entered into between the
7 State or a county and the retirant, prior to the retirement of
8 the retirant, for the return to work by the retirant after
9 retirement;

10 (4) In a position identified by the appropriate
11 jurisdiction as a labor shortage or difficult-to-fill position;
12 provided that:

13 (A) The retirant was not employed by the State
14 or a county during the twelve calendar months prior to the first
15 day of reemployment;

16 (B) No agreement was entered into between the
17 State or a county and the retirant, prior to the retirement of
18 the retirant, for the return to work by the retirant after
19 retirement; and

20 (C) Each employer shall contribute to the
21 pension accumulation fund the required percentage of the rehired

____.B. NO. _____

1 retirant's compensation to amortize the system's unfunded
2 actuarial accrued liability; or

3 (5) As a teacher or an administrator in a teacher
4 shortage area identified by the department of education or in a
5 charter school or as a mentor for new classroom teachers;
6 provided that:

7 (A) The retirant was not employed by the State
8 or a county during the twelve calendar months prior to the first
9 day of reemployment;

10 (B) No agreement was entered into between the
11 State or a county and the retirant prior to the retirement of
12 the retirant, for the return to work by the retirant after
13 retirement; and

14 (C) The department of education or charter
15 school shall contribute to the pension accumulation fund the
16 required percentage of the rehired retirant's compensation to
17 amortize the system's unfunded actuarial accrued liability[+];

18 (6) As a police officer and enrolled in the deferred
19 retirement option program."

20 SECTION 3. Section 88-98, Hawaii Revised Statutes, is
21 amended as follows:

____.B. NO. _____

1 "§88-98 Return to service of a retirant.(a) Any retirant,
2 except a police officer retirant enrolled in the deferred
3 retirement option program, who returns to employment requiring
4 active membership in the system shall be reenrolled as an active
5 member of the system in the same class from which the retirant
6 originally retired and the retirant's retirement allowance shall
7 be suspended.

8 (1) If the retirant returns to service before July 1,
9 1998, and again retires, the retirant's retirement allowance
10 shall consist of:

11 (A) For members with fewer than three years of
12 credited service during the member's period of reemployment, the
13 allowance to which the member was entitled under the retirement
14 allowance option selected when the member previously retired and
15 which was suspended; plus, for the period of service during the
16 member's reemployment, the allowance to which the member is
17 entitled for that service based on the retirement allowance
18 option initially selected and computed for the member's age,
19 average final compensation, and other factors in accordance with
20 the benefit formula under section 88-74 in existence at the time
21 of the member's latest retirement; or

____.B. NO. _____

1 (B) For members with three or more years of
2 credited service during the member's period of reemployment, the
3 allowance computed as if the member were retiring for the first
4 time; provided that in no event shall the allowance be less than
5 the amount determined in accordance with subparagraph (A); and

6 (2) If the retirant returns to service after June 30,
7 1998, and again retires, the retirant's retirement allowance
8 shall be computed in accordance with paragraph (1)(A),
9 regardless of the number of years of service in the reemployment
10 period.

11 (b) Any retirant who received the special retirement
12 incentive benefit under Act 253, Session Laws of Hawaii 2000, as
13 amended by Act 131, Session Laws of Hawaii 2002, and is
14 reemployed by the State or a county in any capacity shall:

15 (1) Have the retirant's retirement allowance
16 suspended;

17 (2) Forfeit the special retirement incentive benefit
18 and any related benefit provided by this chapter; and

19 (3) Be subject to the age and service requirements
20 under section 88-73 when the member again retires.

____.B. NO. _____

1 (c) If a retirant's maximum retirement allowance upon the
2 retirant's initial retirement was subject to the limits on
3 maximum retirement allowance under section 88-74:

4 (1) The limit shall apply to the computation of the
5 retirant's maximum retirement allowance for the retirant's
6 period of service during the retirant's reemployment, so that
7 the sum of:

8 (A) The per cent by which the retirant's average
9 final compensation for the retirant's years of service prior to
10 the retirant's initial retirement is multiplied to determine the
11 retirant's maximum retirement allowance upon the retirant's
12 initial retirement; and

13 (B) The per cent by which the retirant's average
14 final compensation for any period of reemployment after the
15 retirant's initial retirement is multiplied to determine the
16 retirant's maximum retirement allowance for the period of
17 reemployment, shall not exceed the limit, under section 88-74,
18 on the per cent by which the retirant's average final
19 compensation may be multiplied for the purpose of determining
20 the retirant's maximum retirement allowance. For example, if a
21 retirant's maximum retirement allowance upon the retirant's
22 initial retirement was limited by section 88-74 to eighty per

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1 cent of the retirant's average final compensation, and the
2 retirant retired with a maximum allowance equal to seventy per
3 cent of the retirant's average final compensation, the
4 retirant's maximum allowance for the retirant's period of
5 reemployment may not exceed ten per cent of the retirant's
6 average final compensation for the retirant's period of
7 reemployment; and

8 (2) If the retirant's maximum retirement allowance
9 upon the retirant's initial retirement was equal to or greater
10 than the applicable limit under section 88-74, the retirant
11 shall not earn service credit or earn any additional retirement
12 allowance during the retirant's period of reemployment, and the
13 reemployed retirant shall not make any contributions under
14 section 88-45.

15 (d) If a retirant's designation of beneficiary was
16 irrevocable upon the retirant's initial retirement, the retirant
17 may not change the retirant's designated beneficiary when the
18 retirant returns to service or when the former retirant again
19 retires.

20 (e) A retirant who returns to service shall not be
21 considered to be "in service", for the purposes of section 88-
22 75, 88-79, 88-84, or 88-85, or any other provision of this

____.B. NO. _____

1 chapter providing for benefits arising out of the disability or
2 death of a member. A retirant who returns to service and dies
3 during the period of reemployment shall be considered to have
4 retired again effective as of the first day of the month
5 following the month in which the death occurs, except for death
6 during the month of December when the effective date of
7 retirement may be the last day of the month.

8 (f) There is a deferred retirement option program for
9 police officers. A police officer who has reached the service
10 requirements for normal retirement is eligible to enter the
11 deferred retirement option program. Once enrolled in the
12 deferred retirement option program, the enrollee's service and
13 benefit levels are locked as of the effective date of
14 enrollment. Pension payments for deferred retirement option
15 program enrollees will be deposited to a deferred retirement
16 option program account each month with investment earnings or
17 losses at a rate equal to the pension plan's actual investment
18 return, net of investment expenses, and will be paid upon
19 termination from the program in accordance with rules adopted by
20 the board. Police officers enrolled in the deferred retirement
21 option program must enroll within twelve months of eligibility
22 for normal retirement. Enrollees may participate for a maximum

____.B. NO. _____

1 of one hundred twenty months as long as their tenure does not
2 exceed thirty-five total years. Enrollment in the deferred
3 retirement option program will cease if an enrollee is unable to
4 continue as an active police officer for longer than twenty
5 working days excluding vacation days. Deferred retirement option
6 program enrollees do not pay into the retirement system.
7 Deferred retirement option program enrollees accrue sick and
8 vacation leave credits. Vacation leave credits will be paid into
9 the enrollee's deferred retirement option program account upon
10 termination from the program. Sick leave credits will not be
11 paid upon termination and will not count toward any retirement
12 payments. Deferred retirement option participants will receive
13 healthcare benefits as retirees. Upon participation in deferred
14 retirement option program the member is deemed a retiree of the
15 pension fund deferred retirement option program participants
16 will not receive a disability benefit from the pension plan
17 since they are already retired. No additional service credit
18 will accrue. Deferred retirement option program enrollees are
19 not eligible for deferred compensation.

20 [+f+](g) The board shall adopt any rules as may be required
21 to administer this section."

____.B. NO. _____

1 SECTION 4. Statutory material to be deleted is bracketed
2 and in strikethrough. New statutory material is underscored.

3 SECTION 5. This Act shall take effect upon its approval.

4

5 INTRODUCED BY: _____

6 paf:mkm:24-073a

A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. Section 201H-31, Hawaii Revised Statutes, is
2 amended to read as follows:
3 "~~§201H-31~~ **Criteria.** (a) In administering this
4 chapter and other laws of the State applicable to the supplying
5 of housing or the assistance in obtaining housing, the
6 corporation shall give preference to those applicants most in
7 need of assistance in obtaining housing, in light of the amount
8 of moneys available for the various programs. In doing so, the
9 corporation shall take into consideration the applicant's
10 household income and number of dependents; the age of the
11 applicant; the physical disabilities of the applicant or those
12 living with the applicant; whether or not the present housing of
13 the applicant is below standard; whether or not the applicant's
14 need for housing has arisen by reason of displacement of the
15 applicant by governmental actions; the proximity between the
16 housing location and the applicant's place of employment;
17 whether the applicant is a state or county employee; whether the



S.B. NO.

1 applicant is a returning resident that left the State to attend
2 a university, college, or trade school and has graduated within
3 the past two years; and other factors as it may deem pertinent.
4 The corporation may allow households with incomes up to twenty
5 per cent greater than the income on which the maximum sales
6 price was based to be qualified to purchase a unit.

7 (b) For any project developed or administered by the
8 corporation under this chapter, the corporation shall, when
9 feasible, set aside as a matter of preference no fewer
10 than _____ per cent of the available units for state or county
11 employees.

12 (c) The corporation shall:

13 (1) Determine the order of preferences as outlined in this
14 section and rank all applicants accordingly;

15 (2) Select applicants based on application date within the
16 pool of similarly ranked applicants; and

17 (3) Validate the preference status of an applicant before
18 occupancy of an affordable unit.

19 (d) The corporation may establish additional eligibility
20 criteria in administrative rules adopted pursuant to
21 chapter 91."



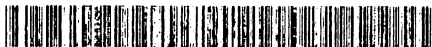
S.B. NO.

1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect upon its approval.

4

INTRODUCED BY: _____



S.B. NO.



S.B. NO.

Report Title:

HHFDC; Housing Development Programs; Criteria; Preferences; Ranking; Housing Location Proximity; State and County Employees; Returning Resident Graduates; Reserved Units; Rules

Description:

Requires the Hawaii Housing Finance and Development Corporation (HHFDC) to consider as a preference under chapter 201H, HRS, the proximity between the housing location and the applicant's place of employment; whether the applicant is a state or county employee; and whether the applicant is a returning resident that left the State to attend a university, college, or trade school and has graduated within the past two years. Requires, for any project developed or administered by the HHFDC under chapter 201, HRS, the HHFDC to set aside as a matter of preference an undetermined per cent of available units for state or county employees, when feasible. Requires HHFDC to determine the order of preferences and rank applicants accordingly, select applicants based on application date within the pool of similarly ranked applicants, and validate the preference status of applicants before occupancy of a unit. Authorizes HHFDC to adopt rules to establish additional eligibility criteria.

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



STATE OF HAWAII

_____. B. NO. ____

A BILL FOR AN ACT

RELATING TO CESSPOOLS.

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

1 SECTION 1. The legislature finds that the health of
2 Hawaii's people and quality of Hawaii's waters are being harmed
3 by pollution from cesspools. Hawaii has more than eighty
4 thousand cesspools that discharge about fifty million gallons of
5 wastewater into the State's groundwater every day. Cesspools
6 are antiquated, substandard systems that damage public health;
7 pollute drinking water; and lower water quality in streams,
8 ground waters, nearshore marine areas, and the ocean. Cesspool
9 pollution also harms public recreation and the precious coral
10 reefs on which Hawaii's economy, shoreline, fisheries, and
11 native species depend.

12 The purpose of this Act is to implement various
13 recommendations of the working group established by Act 132,
14 Session Laws of Hawaii 2018, including:

NO.

- 1 (1) Accelerating the dates for required upgrades,
2 conversions, or connections of:
3 (A) The 13,821 priority level 1 cesspools in the
4 State to 2035, with certain exceptions; and
5 (B) The 12,367 priority level 2 cesspools in the
6 State to 2040;
7 (2) Appropriating funds to provide financing assistance
8 via the cesspool compliance pilot grant project
9 established pursuant to Act 153, Session Laws of
10 Hawaii 2022; and
11 (3) Establishing a cesspool upgrade, conversion, or
12 connection income tax credit.

13 PART II

14 SECTION 2. Chapter 342D, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 "§342D- Cesspools; mandatory upgrade, conversion, or
18 connection; priority level 1; priority level 2. (a) Every
19 cesspool in the State categorized as priority level 1 according
20 to the University of Hawaii's Hawaii cesspool prioritization
21 tool shall be:

NO.

1 (1) Upgraded or converted to a director-approved
2 wastewater system; or
3 (2) Connected to a sewerage system,
4 before January 1, 2035; provided that priority level 1
5 cesspools on recreational residence leases within the Kokee
6 state park and Waimea Canyon state park on the island of Kauai
7 shall be upgraded, converted, or connected before January 1,
8 2040.

9 (b) Every cesspool in the State designated as priority
10 level 2 according to the University of Hawaii's Hawaii cesspool
11 prioritization tool shall be:

12 (1) Upgraded or converted to a director-approved
13 wastewater system; or
14 (2) Connected to a sewerage system,
15 before January 1, 2040.

16 (c) The director may grant an exemption from the
17 requirements of subsections (a) and (b) to the property owner of
18 a cesspool who applies for an exemption and presents
19 documentation showing a legitimate reason that makes it
20 infeasible to upgrade, convert, or connect the cesspool. For

NO.

1 the purposes of this subsection, a legitimate reason shall

2 include but not be limited to:

3 (1) Small lot size;

4 (2) Steep topography;

5 (3) Poor soils;

6 (4) Accessibility issues; or

7 (5) A planned development of sewerage upgrades to an area.

8 (d) The department may grant extensions of up to five

9 years at a time from the requirements of subsections (a) and (b)

10 based on demonstration of financial inability to pay for or

11 finance a cesspool upgrade, conversion, or connection; provided

12 that the department of health may adopt rules pursuant to

13 chapter 91 necessary to effectuate the purposes of this

14 subsection.

15 (e) Notwithstanding any law to the contrary, no penalty or

16 other assessment for any violation of this section shall

17 constitute a lien on the real property. Notwithstanding any law

18 to the contrary, no seizure of real property shall be authorized

19 for any violation of this section.

20 (f) As used in this section, "cesspool" has the same

21 meaning as in section 342D-72."

NO.

1 SECTION 3. Section 342D-72, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) ~~[Before]~~ Except as otherwise provided in section
4 342D- , before January 1, 2050, every cesspool in the State,
5 excluding cesspools granted exemptions by the director of health
6 pursuant to subsection (b), shall be:

- 7 (1) Upgraded or converted to a director-approved
8 wastewater system; or
9 (2) Connected to a sewerage system."

10 PART III

11 SECTION 4. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2025-2026 to
14 implement the cesspool compliance pilot grant project
15 established pursuant to Act 153, Session Laws of Hawaii 2022.

16 The sum appropriated shall be expended by the department of
17 health for the purposes of this part.

18 SECTION 5. In accordance with section 9 of article VII of
19 the Hawaii State Constitution and sections 37-91 and 37-93,
20 Hawaii Revised Statutes, the legislature has determined that the
21 appropriations contained in H.B. No. , will cause the state

NO.

1 general fund expenditure ceiling for fiscal year 2025-2026 to be
2 exceeded by \$ or per cent. In addition, the
3 appropriation contained in this Act will cause the general fund
4 expenditure ceiling for fiscal year 2025-2026 to be further
5 exceeded by \$ or per cent. The combined total
6 amount of general fund appropriations contained in only these
7 two Acts will cause the state general fund expenditure ceiling
8 for fiscal year 2024-2025 to be exceeded by
9 \$ or per cent. The reasons for exceeding the
10 general fund expenditure ceiling are that:

- 11 (1) The appropriation made in this Act is necessary to
12 serve the public interest; and
13 (2) The appropriation made in this Act meets the needs
14 addressed by this Act.

15 PART IV

16 SECTION 6. Chapter 235, Hawaii Revised Statutes, is
17 amended by adding a new section to part I to be appropriately
18 designated and to read as follows:

19 "§235- Cesspool upgrade, conversion, or connection;
20 income tax credit. (a) There shall be allowed to each taxpayer
21 subject to the tax imposed under this chapter a cesspool

NO.

1 upgrade, conversion, or connection income tax credit that shall
2 be deductible from the taxpayer's net income tax liability, if
3 any, imposed by this chapter for the taxable year in which the
4 credit is properly claimed.

5 (b) In the case of a partnership, S corporation, estate,
6 or trust, the tax credit allowable is for qualified expenses
7 incurred by the entity for the taxable year. The expenses upon
8 which the tax credit is computed shall be determined at the
9 entity level. Distribution and share of credit shall be
10 determined by rule.

11 (c) The cesspool upgrade, conversion, or connection income
12 tax credit shall be equal to the qualified expenses of the
13 taxpayer, up to a maximum of \$10,000; provided that, in the case
14 of a qualified cesspool that is a residential large capacity
15 cesspool, the amount of the credit shall be equal to the
16 qualified expenses of the taxpayer, up to a maximum of \$10,000
17 per residential dwelling connected to the cesspool, as certified
18 by the department of health pursuant to subsection (e). There
19 shall be allowed a maximum of one cesspool upgrade, conversion,
20 or connection income tax credit per qualified cesspool. The
21 cesspool upgrade, conversion, or connection income tax credit

NO.

1 shall be available only for the taxable year in which the
2 taxpayer's qualified expenses are certified by the department of
3 health.

4 (d) The total amount of tax credits allowed under this
5 section shall not exceed \$ _____ for all taxpayers in any
6 taxable year; provided that any taxpayer who is not eligible to
7 claim the credit in a taxable year due to the \$ _____ cap
8 being reached for that taxable year shall be eligible to claim
9 the credit in the subsequent taxable year.

10 (e) The department of health shall:

11 (1) Certify all qualified cesspools for the purposes of
12 this section;

13 (2) Collect and maintain a record of all qualified
14 expenses certified by the department of health for the
15 taxable year; and

16 (3) Certify to each taxpayer the amount of credit the
17 taxpayer may claim; provided that if, in any year, the
18 annual amount of certified credits reaches
19 \$ _____ in the aggregate, the department of health
20 shall immediately discontinue certifying credits and
21 notify the department of taxation.

NO.

1 The director of health may adopt rules under chapter 91 as
2 necessary to implement the certification requirements under this
3 section.

4 (f) The director of taxation:

5 (1) Shall prepare any forms that may be necessary to claim
6 a tax credit under this section;

7 (2) May require the taxpayer to furnish reasonable
8 information to ascertain the validity of the claim for
9 the tax credit made under this section; and

10 (3) May adopt rules under chapter 91 necessary to
11 effectuate the purposes of this section.

12 (g) If the tax credit under this section exceeds the
13 taxpayer's income tax liability, the excess of the credit over
14 liability may be used as a credit against the taxpayer's income
15 tax liability in subsequent years until exhausted. All claims
16 for the tax credit under this section, including amended claims,
17 shall be filed on or before the end of the twelfth month
18 following the close of the taxable year for which the credit may
19 be claimed. Failure to comply with the foregoing provision
20 shall constitute a waiver of the right to claim the credit.

21 (h) As used in this section:

NO.

1 "Cesspool" has the same meaning as in section 342D-72.

2 "Qualified cesspool" means a cesspool that is:

3 (1) Certified by the department of health to be:

4 (A) Located within a priority level 1 or 2 area
5 according to the University of Hawaii's 2022
6 Hawaii cesspool hazard assessment and
7 prioritization tool; or

8 (B) A residential large capacity cesspool; or

9 (2) Certified by a county or private sewer company to be
10 appropriate for connection to its existing sewerage
11 system.

12 "Qualified expenses" means costs that are necessary and
13 directly incurred by the taxpayer for upgrading or converting a
14 qualified cesspool to a director of health-approved wastewater
15 system, or connecting a qualified cesspool to a sewerage system,
16 and that are certified as such by the department of health.

17 "Residential large capacity cesspool" means a cesspool that
18 is connected to more than one residential dwelling.

19 "Sewerage system" has the same meaning as in
20 section 342D-1.

21 "Wastewater" has the same meaning as in section 342D-1."

NO.

1 SECTION 7. Section 23-92, Hawaii Revised Statutes, is
2 amended by amending subsection (c) to read as follows:

3 "(c) This section shall apply to the following:

4 (1) Sections 235-12.5 and 241-4.6--Credit for renewable
5 energy technology system installed and placed in
6 service in the State. For the purpose of section 23-
7 91(b)(5), this credit shall be deemed to have been
8 enacted for an economic benefit; ~~and~~

9 (2) Section 235-17--Credit for qualified production costs
10 incurred for a qualified motion picture, digital
11 media, or film production[+]; and

12 (3) Section 235- --Credit for cesspool upgrade,
13 conversion, or connection."

14 SECTION 8. Section 23-94, Hawaii Revised Statutes, is
15 amended by amending subsection (c) to read as follows:

16 "(c) This section shall apply to the following:

17 (1) Section 235-4.5(a)--Exclusion of intangible income
18 earned by a trust sited in this State;

19 (2) Section 235-4.5(b)--Exclusion of intangible income of
20 a foreign corporation owned by a trust sited in this
21 State;

NO.

- 1 (3) Section 235-4.5(c)--Credit to a resident beneficiary
- 2 of a trust for income taxes paid by the trust to
- 3 another state;
- 4 (4) Sections 235-55 and 235-129--Credit for income taxes
- 5 paid by a resident taxpayer to another jurisdiction;
- 6 (5) Section 235-71(c)--Credit for a regulated investment
- 7 company shareholder for the capital gains tax paid by
- 8 the company;
- 9 (6) Section 235-110.6--Credit for fuel taxes paid by a
- 10 commercial fisher;
- 11 (7) Section 235-110.93--Credit for important agricultural
- 12 land qualified agricultural cost;
- 13 ~~(8) Section 235-110.94--Credit for organically produced~~
- 14 ~~agricultural products;~~
- 15 +9+ (8) Section 235-129(b)--Credit to a shareholder of an
- 16 S corporation for the shareholder's pro rata share of
- 17 the tax credit earned by the S corporation in this
- 18 State; and
- 19 ~~(+10+)~~ (9) Section 209E-10--Credit for a qualified business
- 20 in an enterprise zone; provided that the review of

NO.

1 this credit pursuant to this part shall be limited in
2 scope to income tax credits."

3 SECTION 9. Section 23-95, Hawaii Revised Statutes, is
4 amended by amending subsection (c) to read as follows:

5 "(c) This section shall apply to the following:

6 (1) Section 235-5.5--Deduction for individual housing
7 account deposit;

8 (2) Section 235-7(f)--Deduction of property loss due to a
9 natural disaster;

10 ~~(3) Section 235-16.5--Credit for cesspool upgrade,
11 conversion, or connection;~~

12 ~~(4)~~ (3) Section 235-19--Deduction for maintenance of an
13 exceptional tree;

14 ~~(5)~~ (4) Section 235-55.91--Credit for the employment of a
15 vocational rehabilitation referral;

16 ~~(6)~~ (5) Section 235-110.2--Credit for in-kind services
17 contribution for public school repair and maintenance;
18 and

19 ~~(7)~~ (6) Sections 235-110.8 and 241-4.7--Credit for
20 ownership of a qualified low-income housing building."

NO.

1 SECTION 10. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 11. This Act shall take effect upon its approval;
4 provided that:

5 (1) Section 4 shall take effect on July 1, 2025; and

6 (2) Part IV shall apply to taxable years beginning after
7 December 31, 2024.

8

INTRODUCED BY: _____

A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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

1 SECTION 1. The legislature finds that protecting the
2 State's nearshore waters is important for ecosystem resilience
3 and public health. Clean nearshore waters, free of pollutants,
4 help support the coral reef systems that are critical to
5 Hawaii's fisheries. A 2023 study published in the scientific
6 journal Nature found that coral reefs that are protected from
7 land-based pollutants, especially wastewater pollutants, are
8 better able to recover from ocean warming events.

9 Accordingly, the purpose of this Act is to require newly
10 installed or modified individual wastewater systems that are
11 near the shoreline, or likely to pollute groundwater, to include
12 denitrification capacity.

13 SECTION 2. Chapter 342D, Hawaii Revised Statutes, is
14 amended by adding a new section to part III to be appropriately
15 designated and to read as follows:



1 "§342D- Individual wastewater systems; denitrification
2 capacity. (a) Each individual wastewater system that is newly
3 installed or modified shall have denitrification capacity if:

4 (1) The wastewater system is located two hundred feet or
5 less from a shoreline; or

6 (2) The wastewater system is located at or below one
7 thousand five hundred feet above sea level and:

8 (A) The substrate is less than five thousand years
9 old; and

10 (B) The soil has low nutrient holding capacity, low
11 shrink and swell characteristics, and very fast
12 water permeability, based on the Hawaii soil
13 atlas.

14 (b) For the purposes of this section, "denitrification
15 capacity" means being certified to meet the guidelines of the
16 National Sanitation Foundation/American National Standards
17 Institute standard 245 for on-site residential wastewater
18 treatment."

19 SECTION 3. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on July 1, 2050.



H.B. NO. 1691
H.D. 1
S.D. 1

Report Title:

Environment; Individual Wastewater Systems; Nearshore Waters;
Denitrification Capacity

Description:

Requires newly installed or modified individual wastewater systems that are near the shoreline, or likely to pollute groundwater, to include denitrification capacity. Takes effect 7/1/2050. (SD1)

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



REVISED:
1ST DRAFT DATE:

____.B. NO.____

A BILL FOR AN ACT

RELATING TO THE REGULATION OF TOBACCO PRODUCTS.

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

1
2 SECTION 1. The legislature finds that tobacco use remains the
3 leading cause of preventable death in the United States and in
4 Hawaii. Recent years have brought a precipitous increase in
5 consumer sales of electronic smoking devices, sometimes called
6 "vapes", and one inhalation of these products can contain many
7 times more nicotine than a conventional cigarette. Electronic
8 smoking devices have played a major role in increased rates of
9 youth nicotine addiction, which had been previously on the
10 decline.
11
12 This increased youth tobacco prompted Hawaii to adopt laws to
13 increase the smoking age to 21 years old, and treat electronic
14 cigarettes in the same manner as the state treats conventional
15 cigarettes for purposes of clean indoor air laws. The state and
16 the County of Hawaii, County of Maui, and City and County of
17 Honolulu have also adopted policies to ban smoking - including
18 electronic cigarette use - at state and county beaches and
19 parks.
20
21 In 2018, in order to ensure uniform regulations on tobacco
22 sales, the legislature passed Act 206, which, in part, declared
23 the sale of cigarettes, tobacco products, and electronic smoking
24 devices a matter of statewide concern, and nullified any
25 existing local ordinances or policies that restricted the sale
26 of these products. However, the legislature finds that since the
27 Act's passage, youth tobacco use has continued to increase to
28 epidemic levels. According to the 2019 Hawaii Youth Risk
29 Behavior Survey, thirty-one per cent of middle school students

30 and forty-eight per cent of public high school students had
31 tried electronic smoking devices. The 2019 Hawaii Youth Risk
32 Behavior Survey also indicates that eighteen per cent of middle
33 school students and thirty-one per cent of high school students
34 currently vape.

35

36 The legislature further finds that in order to end this youth
37 vaping epidemic, the state must work in concert with youth,
38 parents, and educational institutions, and laws must be changed
39 at all levels of government to establish reasonable restrictions
40 on the sale of and access to these addictive products.

41

42 Accordingly, the purpose of this Act is to reauthorize the
43 counties to enact restrictions of the sales of tobacco products,
44 including electronic smoking devices, by inserting a sunset date
45 into Act 206, Session Laws of Hawaii 2018.

46

47

48 SECTION 2. Section §328J-11.5, Hawaii Revised Statutes, is
49 repealed.

50

51 ~~[Statewide concern. (a) Sales of cigarettes, tobacco products,~~
52 ~~and electronic smoking devices are a statewide concern. It is~~
53 ~~the intent of the legislature to regulate the sale of~~
54 ~~cigarettes, tobacco products, and electronic smoking devices in~~
55 ~~a uniform and exclusive manner.]~~

56 ~~_____ (b) All local ordinances or regulations that regulate~~
57 ~~the sale of cigarettes, tobacco products, and electronic smoking~~
58 ~~devices are preempted, and existing local laws and regulations~~
59 ~~conflicting with this chapter are null and void.~~

60 ~~_____ (c) Nothing in this chapter shall be construed to~~
61 ~~limit a county's authority under section 328J-15.]~~

62

63 SECTION 3. Statutory material to be repealed is bracketed and
64 stricken.

65

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

A BILL FOR AN ACT

RELATING TO THE CONVEYANCE TAX.

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

SECTION 1. The legislature finds that the health, happiness, and well-being of Hawaii's people depends on the State's ability to address the high cost of living, particularly the high cost of housing, that is fueling the homelessness crisis and forcing local families to move out of the State. The sustainability of the State's unique and irreplaceable natural resources is critical to its residents' quality of life. To address these problems and secure a prosperous future for the State's children, greater investment into public resources from a sustainable revenue source is needed to reduce the cost of housing for residents, preserve the State's natural resources, and provide solutions for community members experiencing houselessness.

The legislature also finds that the conveyance tax, a one-time tax at the time of real property sales, is an appropriate revenue source for affordable housing, land conservation, and homeless services. Although housing prices in the State have risen dramatically over the past thirteen years, the State's conveyance tax rates have not been updated since Act 59, Session Laws of Hawaii 2009. Presently, the State's conveyance tax is

significantly lower than the rates of other high-cost areas in the country.

Cities across the country are increasing their conveyance tax rates to fund affordable housing. San Francisco increased the tax rate to 5.5 per cent on homes valued over \$10,000,000 in 2020, and two years ago Los Angeles increased the real property transfer tax to 4.5 per cent on any residential or commercial property over \$5,000,000 in value and six per cent on property sales over \$10,000,000 in value. Smaller cities with high housing costs are also increasing the taxes on real estate sales to mitigate the impacts of housing costs. Crested Butte and Telluride in Colorado, which attract wealthy buyers due to access to world class ski opportunities, have a tax of three per cent on home sales regardless of price. Aspen, Colorado, which has the most well-developed workforce housing program in the country where almost forty per cent of the housing total housing stock is reserved as permanently affordable housing for full-time residents, has largely funded their workforce housing program through a 1.5 per cent tax on property sales that has been in place since 1989.

Presently, it is common practice to tax property sales as a means to mitigate the impacts of high home costs and the loss of land due to housing development. Furthermore, a conveyance tax of 0.5 per cent on homes valued at less than \$5,000,000, a rate of four per cent on homes valued between \$5,000,000 and \$10,000,000, and six per cent on homes valued at over

\$10,000,000 conforms to tax rates that other cities are assessing to fund their various housing programs.

The legislature additionally finds that increases in tax rates on homes over \$5,000,000 is unlikely to have any negative impact on local full-time residents as the vast majority of buyers who purchase these homes do so as an investment and not as their full-time residence. The monthly mortgage costs of a \$5,000,000 home are approximately \$32,600 a month, which would be considered affordable for an individual or a couple earning \$81,500 per month, or roughly \$978,000 a year. Very few families in Hawaii would fall within these income categories, and those that do most likely already own a home and are not impacted by rising rents or the lack of affordable housing. Accordingly, it is appropriate for out-of-state investors of real estate to assist in mitigating the impacts for residents who are not benefiting from the current market dynamics. Renters, houseless residents, and the local workforce are struggling with the rising cost of housing, thus a tax on real estate at the time of sale to help mitigate those costs is appropriate and fair.

The legislature recognizes that the increases in housing prices, residential rent, and the homeless population over the past several years has accelerated the urgent need to sustainably fund affordable housing and homeless services in Hawaii. The 2023 point in time count estimates that there are currently 6,223 individuals living unsheltered in the State, not including the greater number of "hidden homeless" individuals

temporarily living with friends or relatives because they cannot afford to live on their own. Investing in affordable housing and homeless services, including supportive housing, is key to addressing homelessness and ensuring that everyone in the State has an affordable place to live.

Accordingly, the purpose of this Act is to:

- (1) Establish the homeless services special fund;
- (2) Allow counties to apply for matching funds from the homeless services special fund and the affordable homeownership revolving fund for housing projects that are subject to a perpetual affordability requirement;
- (3) Increase the conveyance tax rates for certain properties;
- (4) Establish conveyance tax rates for multifamily residential properties;
- (5) Exempt from conveyance taxes the conveyances of real property to:
 - (A) Organizations with certain affordability requirements;
 - (B) Certain nonprofit organizations; and
 - (C) An owner-occupant or renter-occupant of the property; and
- (6) Allocate collected conveyance taxes to the affordable homeownership revolving fund, homeless services special fund, and dwelling unit revolving fund and amend allocations to the land conservation fund and rental housing revolving fund.

SECTION 2. Chapter 346, Hawaii Revised Statutes, is amended by adding a new section to part XVII to be appropriately designated and to read as follows:

"§346- Homeless services special fund. (a) There is established within the state treasury a homeless services special fund, to be administered and managed by the department and into which shall be deposited:

(1) Ten per cent of the conveyance tax collected and allocated to the homeless services fund pursuant to section 247-7;

(2) Appropriations made by the legislature; and

(3) Interest earned upon any moneys in the fund.

(b) Moneys from any other private or public source may be deposited in or credited to the fund; provided that any mandates, regulations, or conditions on these funds do not conflict with the use of the fund under this section. Moneys received as a deposit or private contribution shall be deposited, used, and accounted for in accordance with the conditions established by the agency or person making the contribution.

(c) Moneys in the homeless services special fund shall be used by the department for homeless services and supportive housing, including homeless facilities programs for the homeless authorized by the department.

(d) The department shall submit a report to the legislature providing an accounting of the fund no later than twenty days prior to the convening of each regular session. The report shall include, at minimum:

(1) A detailed account of all funds received; and

(2) All moneys expended from the homeless services special fund."

SECTION 3. Section 201H-206, Hawaii Revised Statutes, is amended to read as follows:

"[+]§201H-206[+] **Affordable homeownership revolving fund.** (a) There is established an affordable homeownership revolving fund to be administered by the corporation for the purpose of providing, in whole or in part, loans to nonprofit community development financial institutions and nonprofit housing development organizations for the development of affordable homeownership housing projects.

(b) Loans shall be awarded in the following descending order of priority:

(1) Projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development, United States Department of Agriculture Rural Development, and United States Department of the Treasury Community Development Financial Institutions Fund, wherein:

(A) At least fifty per cent of the available units are reserved for persons and families having incomes at or below eighty per cent of the median family income and of which at least five per cent of the available units are for persons and families having incomes at or below fifty per cent of the median family income; and

(B) The remaining units are reserved for persons and families having incomes at or below one hundred twenty per cent of the median family income; and

(2) Mixed-income affordable for-sale housing projects or units in a mixed-income affordable for-sale housing project wherein all of the available units are reserved for persons and families having incomes at or below one hundred per cent of the median family income.

(c) Moneys in the fund shall be used to provide loans for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of affordable for-sale housing units. Uses of moneys in the fund may include but are not limited to planning, design, and land acquisition, including the costs of options, agreements of sale, and down payments; equity financing as matching funds for nonprofit community development financial institutions; or other housing development services or activities as provided in rules adopted by the corporation pursuant to chapter 91. The rules may provide that money from the fund shall be leveraged with other financial resources to the extent possible.

(d) The fund may include ~~[sums]~~:

(1) Sums appropriated by the legislature~~[-private]~~;

(2) Private contributions~~[-proceeds]~~;

(3) Proceeds from repayment of loans~~[-interest]~~;

(4) Interests and other returns~~[-]~~;

(5) Conveyance taxes collected under chapter 247 and allocated to the affordable homeownership revolving fund pursuant to section 247-7; and [moneys]

(6) Moneys from other sources.

(e) An amount from the fund, to be set by the corporation and authorized by the legislature, may be used for

administrative expenses incurred by the corporation in administering the fund; provided that moneys in the fund shall not be used to finance day-to-day administrative expenses of the projects allotted moneys from the fund.

(f) The corporation may provide loans under this section as provided in rules adopted by the corporation pursuant to chapter 91.

(g) The corporation may contract with nonprofit community development financial institutions to fund loans under this section. The corporation may contract for the service and custody of its loans.

(h) The corporation may establish, revise, charge, and collect a reasonable service fee, as necessary, in connection with its loans, services, and approvals under this part. The fees shall be deposited into the affordable homeownership revolving fund.

(i) Counties may apply for matching funds from the fund; provided that prior to applying for any matching funds, the counties shall have an approved comprehensive affordable housing plan that:

- (1) Identifies available lands for affordable housing;
- (2) Identifies infrastructure needs and availability; and
- (3) Requires housing projects developed using moneys from the fund to be subject to an affordability clause that keeps the property affordable in perpetuity, also known as a "deed-restricted property";

provided further that costs for the development of or an update to an existing county comprehensive affordable housing plan may, upon application, be paid out of these funds.

[~~(i)~~] (j) The corporation shall submit a report to the legislature no later than twenty days prior to the convening of each regular session describing the projects funded using moneys from the affordable homeownership revolving fund."

SECTION 4. Section 247-2, Hawaii Revised Statutes, is amended to read as follows:

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

(1) Except as provided in [~~paragraph (2);~~] paragraphs (2) and (3):

(A) [~~Ten cents per \$100 for~~] For properties with a value of less than \$600,000[~~+~~]: 10 cents per \$100;

(B) [~~Twenty cents per \$100 for~~] For properties with a value of at least \$600,000, but less than \$1,000,000[~~+~~]: 20 cents per \$100;

- (C) [~~Thirty cents per \$100 for~~] For properties with a value of at least \$1,000,000, but less than \$2,000,000[+]: 30 cents per \$100;
- (D) [~~Fifty cents per \$100 for~~] For properties with a value of at least \$2,000,000, but less than \$4,000,000[+]: 50 cents per \$100;
- (E) [~~Seventy cents per \$100 for~~] For properties with a value of at least \$4,000,000, but less than \$6,000,000[+]: 70 cents per \$100;
- (F) [~~Ninety cents per \$100 for~~] For properties with a value of at least \$6,000,000, but less than \$10,000,000[+ and]: \$1.10 per \$100;
- (G) [~~One dollar per \$100 for~~] For properties with a value of at least \$10,000,000 [~~or greater; and~~], but less than \$14,000,000: \$1.40 per \$100;
- (H) For properties with a value of at least \$14,000,000, but less than \$18,000,000: \$2.00 per \$100;
- (I) For properties with a value of at least \$18,000,000, but less than \$22,000,000: \$3.00 per \$100;
- (J) For properties with a value of at least \$22,000,000, but less than \$26,000,000: \$4.00 per \$100; and
- (K) For properties with a value of \$26,000,000 or greater: \$6.00 per \$100;

(2) For the sale of a multifamily residential property:

- (A) For properties with a value of less than \$600,000: 10 cents per \$100;
- (B) For properties with a value of at least \$600,000, but less than \$1,000,000: 20 cents per \$100;
- (C) For properties with a value of at least \$1,000,000, but less than \$2,000,000: 30 cents per \$100;
- (D) For properties with a value of at least \$2,000,000, but less than \$4,000,000: 50 cents per \$100;
- (E) For properties with a value of at least \$4,000,000, but less than \$6,000,000: 70 cents per \$100;
- (F) For properties with a value of at least \$6,000,000, but less than \$10,000,000: 90 cents per \$100;
- (G) For properties with a value of at least \$10,000,000, but less than \$20,000,000: \$1 per \$100;
- (H) For properties with a value of at least \$20,000,000, but less than \$50,000,000: \$1.25 per \$100;
- (I) For properties with a value of at least \$50,000,000, but less than \$100,000,000: \$1.50 per \$100; and

(J) For properties with a value of \$100,000,000 or greater: \$2.00 per \$100; and

~~[(2)]~~ (3) For the sale of a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption on property tax:

- (A) [~~Fifteen cents per \$100 for~~] For properties with a value of less than \$600,000[~~+~~]: 15 cents per \$100;
- (B) [~~Twenty five cents per \$100 for~~] For properties with a value of at least \$600,000, but less than \$1,000,000[~~+~~]: 25 cents per \$100;
- (C) [~~Forty cents per \$100 for~~] For properties with a value of at least \$1,000,000, but less than \$2,000,000[~~+~~]: 40 cents per \$100;
- (D) [~~Sixty cents per \$100 for~~] For properties with a value of at least \$2,000,000, but less than \$4,000,000[~~+~~]: \$1.00 per \$100;
- (E) [~~Eighty five cents per \$100 for~~] For properties with a value of at least \$4,000,000, but less than \$6,000,000[~~+~~]: \$1.50 per \$100;
- (F) [~~One dollar and ten cents per \$100 for~~] For properties with a value of at least \$6,000,000, but less than \$10,000,000[~~+~~ and]: \$2.00 per \$100;
- (G) [~~One dollar and twenty five cents per \$100 for~~] For properties with a value of at

least \$10,000,000 [~~or greater,~~], but less than \$14,000,000: \$3.00 per \$100;

(H) For properties with a value of at least \$14,000,000, but less than \$18,000,000: \$4.00 per \$100;

(I) For properties with a value of at least \$18,000,000, but less than \$22,000,000: \$5.00 per \$100;

(J) For properties with a value of at least \$22,000,000, but less than \$26,000,000: \$6.00 per \$100; and

(K) For properties with a value of \$26,000,000 or greater: \$7.00 per \$100,

of [~~such~~] the actual and full consideration; provided that in the case of a lease or sublease, this chapter shall apply only to a lease or sublease whose full unexpired term is for a period of five years or more[, ~~and in those cases, including (where appropriate) those cases where the~~]; provided further that if a lease has been extended or amended, the tax in this chapter shall be based on the cash value of the lease rentals discounted to present day value and capitalized at the rate of six per cent, plus the actual and full consideration paid or to be paid for any and all improvements, if any, that shall include on-site as well as off-site improvements, applicable to the leased premises; and provided further that the tax imposed for each transaction shall be not less than \$1.

For purposes of this section, "multifamily residential property" means a structure that is located within the state urban land use district and divided into five or more dwelling units."

SECTION 5. Section 247-3, Hawaii Revised Statutes, is amended to read as follows:

"**§247-3 Exemptions.** The tax imposed by section 247-1 shall not apply to:

- (1) Any document or instrument that is executed prior to January 1, 1967;
- (2) Any document or instrument that is given to secure a debt or obligation;
- (3) Any document or instrument that only confirms or corrects a deed, lease, sublease, assignment, transfer, or conveyance previously recorded or filed;
- (4) Any document or instrument between husband and wife, reciprocal beneficiaries, or parent and child, in which only a nominal consideration is paid;
- (5) Any document or instrument in which there is a consideration of \$100 or less paid or to be paid;
- (6) Any document or instrument conveying real property that is executed pursuant to an agreement of sale, and where applicable, any assignment of the agreement of sale, or assignments thereof; provided that the taxes under this chapter have been fully paid upon the agreement of sale, and where applicable, upon such assignment or assignments of agreements of sale;
- (7) Any deed, lease, sublease, assignment of lease, agreement of sale, assignment of agreement of sale, instrument or writing in which the United States or any agency or instrumentality thereof or the State or any agency, instrumentality, or governmental or political subdivision thereof are the only parties thereto;
- (8) Any document or instrument executed pursuant to a tax sale conducted by the United States or any agency or instrumentality thereof or the State or any agency, instrumentality, or governmental or political subdivision thereof for delinquent taxes or assessments;

(9) Any document or instrument conveying real property to the United States or any agency or instrumentality thereof or the State or any agency, instrumentality, or governmental or political subdivision thereof pursuant to the threat of the exercise or the exercise of the power of eminent domain;

(10) Any document or instrument that solely conveys or grants an easement or easements;

(11) Any document or instrument whereby owners partition their property, whether by mutual agreement or judicial action; provided that the value of each owner's interest in the property after partition is equal in value to that owner's interest before partition;

(12) Any document or instrument between marital partners or reciprocal beneficiaries who are parties to a divorce action or termination of reciprocal beneficiary relationship that is executed pursuant to an order of the court in the divorce action or termination of reciprocal beneficiary relationship;

(13) Any document or instrument conveying real property from a testamentary trust to a beneficiary under the trust;

(14) Any document or instrument conveying real property from a grantor to the grantor's revocable living trust, or from a grantor's revocable living trust to the grantor as beneficiary of the trust;

(15) Any document or instrument conveying real property, or any interest therein, from an entity that is a party to a merger or consolidation under chapter 414, 414D, 415A, 421, 421C, 425, 425E, or 428 to the surviving or new entity;

(16) Any document or instrument conveying real property, or any interest therein, from a dissolving limited partnership to its corporate general partner that owns, directly or indirectly, at least a ninety per cent interest in the partnership, determined by applying section 318 (with respect to constructive ownership of stock) of the federal Internal Revenue Code of 1986, as amended, to the constructive ownership of interests in the partnership; ~~and~~

~~[(17)]~~ Any document or instrument that conforms to the transfer on death deed as authorized under chapter 527[-];

(18) Any document or instrument conveying real property to an organization that:

- (A) Has a minimum of thirty years remaining of a price-restricted affordability period; or
- (B) Places a deed restriction on the property to maintain permanent affordability.

For purposes of this paragraph:

"Permanent affordability" means a requirement that a residential real property remain affordable to households with incomes at or below one hundred twenty per cent of the area median income as determined by the United States Department of Housing and Urban Development for the life of the property.

"Price-restricted affordability period" means the period for which a residential real property is restricted to renter households with incomes at or below one hundred twenty per cent of the area median income as determined by the United States Department of Housing and Urban Development applicable to the location of the real property for the applicable federal fiscal year;

(19) Any document or instrument conveying real property to a nonprofit organization that:

- (A) Is exempt from federal income tax by the Internal Revenue Services; and
- (B) Will hold the property in an undeveloped state and for conservation purposes in perpetuity through a deed restriction on the property; and

(20) Any document or instrument conveying real property to an individual who is an owner-occupant or renter-occupant of the property; provided the individual does not have a direct or indirect ownership interest in any other real property, including through ownership interest in a trust, partnership, corporation, limited liability company, or other entity."

SECTION 6. Section 247-7, Hawaii Revised Statutes, is amended to read as follows:

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

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

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

(3) Eight per cent shall be paid into the affordable homeownership revolving fund established pursuant to section 201H-206;

(4) Eight per cent shall be paid into the homeless services special fund established pursuant to section 346- ; and

(5) Eight per cent shall be paid into the dwelling unit revolving fund established pursuant to section 201H-191 for the purposes of funding infrastructure programs in transit-oriented development areas."

SECTION 7. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 8. This Act shall take effect on July 1, 3000.

Report Title:

DHS; Affordable Housing; Conveyance Tax; Rates; Exemption; Homeless Services Fund; Affordable Homeownership Revolving Fund; Land Conservation Fund; Rental Housing Revolving Fund; Dwelling Unit Revolving Fund

Description:

Establishes the Homeless Services Special Fund. Allows counties to apply for matching funds from the Affordable Homeownership Revolving Fund for certain housing projects. Increases the conveyance tax rates for certain properties. Establishes conveyance tax rates for multifamily residential properties. Establishes new exemptions to the conveyance tax. Allocates collected conveyance taxes to the Affordable Homeownership Revolving Fund, Homeless Services Fund and, and Dwelling Unit Revolving Fund. Amends allocations to the Land Conservation Fund and Rental Housing Revolving Fund. Effective 7/1/3000. (HD2)

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

A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX.

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

1 SECTION 1. The legislature finds the need to extend the
2 county surcharge on state general excise taxes, which was
3 enacted by Act 247, Session Laws of Hawaii 2005.

4 SECTION 2. Section 46-16.8, Hawaii Revised Statutes, is
5 amended as follows:

6 1. By amending subsections (b) and (c) to read:

7 "(b) Each county that has established a surcharge on state
8 tax before July 1, 2015, under authority of subsection (a) may
9 extend the surcharge until December 31, [~~2030,~~] 2045, at the
10 same rates. A county electing to extend this surcharge shall do
11 so by ordinance; provided that:

12 (1) No ordinance shall be adopted until the county has
13 conducted a public hearing on the proposed ordinance;
14 and

15 (2) The ordinance shall be adopted before January 1,
16 [~~2018,~~] 2028.



S.B. NO.

1 A county electing to exercise the authority granted under
2 this subsection shall notify the director of taxation within ten
3 days after the county has adopted an ordinance extending the
4 surcharge on state tax. The director of taxation shall levy,
5 assess, collect, and otherwise administer the extended surcharge
6 on state tax.

7 (c) Each county that has not established a surcharge
8 pursuant to subsection (a) on state tax before July 1, 2015, may
9 establish the surcharge at the rates enumerated in sections 237-
10 8.6 and 238-2.6. A county electing to establish this surcharge
11 shall do so by ordinance; provided that:

12 (1) No ordinance shall be adopted until the county has
13 conducted a public hearing on the proposed ordinance;

14 (2) The ordinance shall be adopted before December 31,
15 2023; and

16 (3) No county surcharge on state tax that may be
17 authorized under this subsection shall be levied
18 before January 1, 2019, or after December 31, [2030-]
19 2045.

20 A county electing to exercise the authority granted under
21 this subsection shall notify the director of taxation within ten



S.B. NO.

1 days after the county has adopted a surcharge on state tax
2 ordinance. Beginning on January 1, 2019, January 1, 2020,
3 January 1, 2024, or January 1, 2025, as applicable pursuant to
4 sections 237-8.6 and 238-2.6, the director of taxation shall
5 levy, assess, collect, and otherwise administer the county
6 surcharge on state tax."

7 2. By amending subsection (g) to read:

8 "(g) Each county having a population equal to or less than
9 five hundred thousand that adopts a county surcharge on state
10 tax ordinance pursuant to this section shall use the surcharges
11 received from the State for:

12 (1) Operating or capital costs of public transportation
13 within each county for public transportation systems,
14 including:

15 (A) Public roadways or highways;

16 (B) Public buses;

17 (C) Trains;

18 (D) Ferries;

19 (E) Pedestrian paths or sidewalks; or

20 (F) Bicycle paths;



S.B. NO.

1 (2) Expenses in complying with the Americans with
2 Disabilities Act of 1990 with respect to paragraph
3 (1); and
4 (3) Housing infrastructure costs; provided that a county
5 that uses surcharge revenues for housing
6 infrastructure shall not pass on those housing
7 infrastructure costs to the developer of a housing
8 project [~~; provided further that this paragraph shall~~
9 ~~apply only if a county amended its surcharge ordinance~~
10 ~~pursuant to subsection (d) or adopts a county~~
11 ~~surcharge on state tax ordinance after December 31,~~
12 ~~2022;~~
13 ~~provided that each county having a population equal to or less~~
14 ~~than five hundred thousand that adopts a county surcharge on~~
15 ~~state tax ordinance pursuant to this section after December 31,~~
16 ~~2022, shall use the surcharge revenues received from the State~~
17 ~~only for the purposes described in paragraph (3) for county~~
18 ~~appropriated housing infrastructure costs]."~~

19 SECTION 3. Section 237-8.6, Hawaii Revised Statutes, is
20 amended by amending subsection (b) to read as follows:



S.B. NO.

1 "(b) Each county surcharge on state tax that may be
2 adopted, extended, or amended pursuant to section 46-16.8 shall
3 be levied beginning in a taxable year after the adoption of the
4 relevant county ordinance; provided that no surcharge on state
5 tax may be levied:

6 (1) Before:

7 (A) January 1, 2007, if the county surcharge on state
8 tax was established by an ordinance adopted
9 before December 31, 2005;

10 (B) January 1, 2019, if the county surcharge on state
11 tax was established by the adoption of an
12 ordinance after June 30, 2015, but before June
13 30, 2018;

14 (C) January 1, 2020, if the county surcharge on state
15 tax was established by the adoption of an
16 ordinance on or after June 30, 2018, but before
17 March 31, 2019;

18 (D) January 1, 2024, if the county surcharge on state
19 tax was established by the adoption of an
20 ordinance on or after March 31, 2019, but before
21 August 1, 2023; or



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1 (E) January 1, 2025, if the county surcharge on state
2 tax was established by the adoption of an
3 ordinance on or after August 1, 2023, but before
4 December 31, 2023; and

5 (2) After December 31, ~~2030~~ 2045."

6 SECTION 4. Act 247, Session Laws of Hawaii 2005, as
7 amended by Act 240, Session Laws of Hawaii 2015, as amended by
8 Act 1, Special Session Laws of 2017, is amended by amending
9 section 9 to read as follows:

10 "SECTION 9. This Act shall take effect upon its approval;
11 provided that:

12 (1) If none of the counties of the State adopt an
13 ordinance to levy a county surcharge on state tax by
14 December 31, 2005, this Act shall be repealed and
15 section 437D-8.4, Hawaii Revised Statutes, shall be
16 reenacted in the form in which it read on the day
17 prior to the effective date of this Act;

18 (2) If any county does not adopt an ordinance to levy a
19 county surcharge on state tax by December 31, 2005, it
20 shall be prohibited from adopting such an ordinance



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1 pursuant to this Act, unless otherwise authorized by
2 the legislature through a separate legislative act;

3 (3) If an ordinance to levy a county surcharge on state
4 tax is adopted by December 31, 2005:

5 (A) The ordinance shall be repealed on December 31,
6 2022; provided that the repeal of the ordinance
7 shall not affect the validity or effect of an
8 ordinance to extend a surcharge on state tax
9 adopted pursuant to an act of the legislature;
10 and

11 (B) This Act shall be repealed on December 31,
12 ~~[2030,]~~ 2045; and section 437D-8.4, Hawaii
13 Revised Statutes, shall be reenacted in the form
14 in which it read on the day prior to the
15 effective date of this Act; provided that the
16 amendments made to section 437D-8.4, Hawaii
17 Revised Statutes by Act 226, Session Laws of
18 Hawaii 2008, as amended by Act 11, Session Laws
19 of Hawaii 2009, and Act 110, Session Laws of
20 Hawaii 2014, shall not be repealed."



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1 SECTION 5. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 6. This Act shall take effect upon its approval.

4

INTRODUCED BY: _____



S.B. NO.



S.B. NO.

Report Title:

County Surcharge on State Tax; General Excise Tax Law; Extension

Description:

Authorizes each county that has established a surcharge on state tax before 7/1/2015 to extend the surcharge until 12/31/2045, at the same rates, if the county does so before 1/1/2028; Provides that no county surcharge on state tax authorized for a county that has not established a surcharge on state tax before 7/1/2015, shall be levied before 1/1/2019, or after 12/31/2045; and Repeals certain conditions on the use of surcharges received from the State for counties having a population equal to or less than 500,000 that adopt a county surcharge on state tax.

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