

RECEIVED

August 16, 2017

2017 AUG 16 AM 8:56

OFFICE OF THE
COUNTY COUNCIL

MEMO TO: PEA-3(1) File

F R O M: Elle Cochran, Councilmember *EC*

SUBJECT: **TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATING TO
2018 HAWAII STATE ASSOCIATION OF COUNTIES
LEGISLATIVE PACKAGE** (PAF 17-173)

The attached legislative proposals pertain to Item 3(1) on the Committee's agenda.

paf:ske:17-173a

Attachments

Resolution

No. _____

APPROVING FOR INCLUSION IN THE 2018
HAWAII STATE ASSOCIATION OF COUNTIES
LEGISLATIVE PACKAGE A STATE BILL TO
INCREASE REVENUE FOR EACH COUNTY'S
AFFORDABLE HOUSING FUND THROUGH A
ONE PERCENT CONVEYANCE TAX

WHEREAS, the lack of affordable housing in every county in the State is a crisis; and

WHEREAS, each county's affordable housing situation is unique, and solutions and funding are best managed locally; and

WHEREAS, a statewide mechanism to allow each county to increase revenue for its affordable housing fund is needed; now, therefore,

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

1. That the proposed State bill, attached as Exhibit "A," to increase revenue for each county's affordable housing fund through a one percent conveyance tax on the sale of residential properties over \$2,000,000, is approved for inclusion in the 2018 Hawaii State Association of Counties Legislative Package; and
2. That certified copies of this resolution be transmitted to the Hawaii State Association of Counties Executive Committee.

A BILL FOR AN ACT

RELATING TO THE CONVEYANCE TAX.

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

1 SECTION 1. Section 247-2, Hawaii Revised Statutes, is
2 amended to read as follows:

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

12 (1) Except as provided in paragraph (2):

13 (A) Ten cents per \$100 for properties with a value of
14 less than \$600,000;

15 (B) Twenty cents per \$100 for properties with a value
16 of at least \$600,000, but less than \$1,000,000;

____.B. NO. _____

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

____.B. NO. _____

- 1 (D) Sixty cents per \$100 for properties with a value
- 2 of at least \$2,000,000, but less than \$4,000,000;
- 3 (E) Eighty-five cents per \$100 for properties with a
- 4 value of at least \$4,000,000, but less than
- 5 \$6,000,000;
- 6 (F) One dollar and ten cents per \$100 for properties
- 7 with a value of at least \$6,000,000, but less
- 8 than \$10,000,000; and
- 9 (G) One dollar and twenty-five cents per \$100 for
- 10 properties with a value of \$10,000,000 or
- 11 greater[7]; and
- 12 (3) In addition to the rate established by paragraph (1)
- 13 or (2), for the sale of a condominium or single family
- 14 residence: One dollar per \$100 for properties with a
- 15 value of more than \$2,000,000,
- 16 of such actual and full consideration; provided that in the case
- 17 of a lease or sublease, this chapter shall apply only to a lease
- 18 or sublease whose full unexpired term is for a period of five
- 19 years or more, and in those cases, including (where appropriate)
- 20 those cases where the lease has been extended or amended, the
- 21 tax in this chapter shall be based on the cash value of the
- 22 lease rentals discounted to present day value and capitalized at

1 the rate of six per cent, plus the actual and full consideration
2 paid or to be paid for any and all improvements, if any, that
3 shall include on-site as well as off-site improvements,
4 applicable to the leased premises; and provided further that the
5 tax imposed for each transaction shall be not less than \$1."

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

8 "§247-7 **Disposition of taxes.** All taxes collected under
9 this chapter shall be paid into the state treasury to the credit
10 of the general fund of the State, to be used and expended for
11 the purposes for which the general fund was created and exists
12 by law; provided that of the taxes collected each fiscal year:

13 (1) Ten per cent of the revenue from application of the
14 rates established in paragraph (1) and (2) of section
15 247-2, or \$6,800,000, whichever is less, shall be paid
16 into the land conservation fund established pursuant
17 to section 173A-5; [and]

18 (2) Fifty per cent of the revenue from application of the
19 rates established in paragraph (1) and (2) of section
20 247-2, or \$38,000,000, whichever is less, shall be
21 paid into the rental housing revolving fund
22 established by section 201H-202[-]; and

.B. NO.

1 (3) One hundred percent of the revenue generated in each
2 county from application of the rate established in
3 paragraph (3) of section 247-2 shall be paid into the
4 respective county's affordable housing fund and shall
5 only be used to increase the supply of affordable
6 housing by the following means:

7 (A) the purchase of existing housing units and other
8 interests in real property;

9 (B) the planning, design, or construction of housing
10 units;

11 (C) making grants or loans to nonprofit
12 organizations, including community land trusts;
13 or

14 (D) investment in public infrastructure."

15 SECTION 3. Statutory material to be deleted is bracketed
16 and in strikethrough. New statutory material is underscored.

17 SECTION 4. This Act shall take effect upon its approval;
18 provided that this Act shall be repealed on June 30, 2022.

INTRODUCED BY: _____

Resolution

No. _____

APPROVING FOR INCLUSION IN THE 2018
HAWAII STATE ASSOCIATION OF COUNTIES
LEGISLATIVE PACKAGE A STATE BILL TO
INCREASE THE STATE MINIMUM WAGE TO
\$15.00 PER HOUR BEGINNING JANUARY 1, 2019

WHEREAS, per Act 82, Session Laws of Hawaii (2014), under the guidelines of Chapter 387, Hawaii Revised Statutes, and Chapter 12-20, Hawaii Administrative Rules, the State of Hawaii Department of Labor and Industrial Relations oversees minimum wage rates in Hawaii; and

WHEREAS, the State of Hawaii minimum wage rose to \$9.25 per hour, effective January 1, 2017, the third increase in the minimum wage since 2015, where previously the minimum wage stayed the same for eight years from January 1, 2007 to January 1, 2015; and

WHEREAS, the seasonally adjusted unemployment rate in the State of Hawaii for February 2017 was 2.8 percent, considerably down from 4.0 percent in February 2015, which is reflective of a healthy State economy; and

WHEREAS, increasing the minimum wage will continue to boost consumer demand and jobs because minimum and low-wage workers spend most if not all of their increased wages, generating economic activity and contributing to strengthening Hawaii's economy; now, therefore,

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

1. That the proposed State bill, attached as Exhibit "A," to increase the State minimum wage to \$15.00 per hour beginning January 1, 2019, is approved for inclusion in the 2018 Hawaii State Association of Counties Legislative Package; and
2. That certified copies of this resolution be transmitted to the Hawaii State Association of Counties Executive Committee.

A BILL FOR AN ACT

RELATING TO THE MINIMUM WAGE.

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

1 SECTION 1. Section 387-2, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Except as provided in section 387-9 and this section,
4 every employer shall pay to each employee employed by the
5 employer, wages at the rate of not less than:

- 6 (1) \$6.25 per hour beginning January 1, 2003;
7 (2) \$6.75 per hour beginning January 1, 2006;
8 (3) \$7.25 per hour beginning January 1, 2007;
9 (4) \$7.75 per hour beginning January 1, 2015;
10 (5) \$8.50 per hour beginning January 1, 2016;
11 (6) \$9.25 per hour beginning January 1, 2017; [and]
12 (7) \$10.10 per hour beginning January 1, 2018 [-]; and
13 (8) \$15.00 per hour beginning January 1, 2019."

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

16 SECTION 3. This Act shall take effect upon its approval.
17

INTRODUCED BY: _____