

September 16, 2016

2016 SEP 16 PM 1:50
OFFICE OF THE
COUNTY COUNCIL

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MEMO TO: PIA-4(2) File

F R O M: Elle Cochran
Councilmember



SUBJECT: **TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATING TO
2017 MAUI COUNTY LEGISLATIVE PACKAGE** (PIA-4(2); PAF
16-159)

The attached legislative proposal pertains to Item 4(2) on the Committee's agenda.

paf:kcw:16-159e

Attachment

Resolution

No. _____

APPROVING FOR INCLUSION IN THE 2017
MAUI COUNTY 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 the counties' affordable housing funds through a one percent conveyance tax on the sale of residential properties over \$1,000,000, is approved for inclusion in the 2017 Maui County Legislative Package; and
2. That certified copies of this resolution be transmitted to the Mayor, County of Maui; the Governor, State of Hawaii; the Senate President, State of Hawaii; and the Speaker of the House of Representatives, State of Hawaii.

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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;

EXHIBIT "A"

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- 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;

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(D) Sixty cents per \$100 for properties with a value of at least \$2,000,000, but less than \$4,000,000;

(E) Eighty-five cents per \$100 for properties with a value of at least \$4,000,000, but less than \$6,000,000;

(F) One dollar and ten cents per \$100 for properties with a value of at least \$6,000,000, but less than \$10,000,000; and

(G) One dollar and twenty-five cents per \$100 for properties with a value of \$10,000,000 or greater_[7]; and

(3) In addition to the rate established by paragraph (1) or (2), for the sale of a condominium or single family residence: One dollar per \$100 for properties with a value of more than \$1,000,000,

of such 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 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

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

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

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

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

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

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1 fund established by section 201H-202. Tax imposed by
2 section 247-1 shall be based on the actual and full
3 consideration~~[]~~; and

4 (3) One hundred percent of the revenue in each
5 county accruing from the rate established in
6 paragraph (3) of section 247-1 shall be
7 allocated to the county's affordable housing
8 fund and shall only be used to increase the
9 supply of affordable housing by the
10 following means:

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

13 (B) the planning, design, or construction
14 of housing units;

15 (C) making grants or loans to nonprofit
16 organizations, including community land
17 trusts; or

18 (D) investment in public infrastructure."

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

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

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INTRODUCED BY: _____

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