

Resolution

No. 17-154

APPROVING FOR INCLUSION IN THE 2018
MAUI COUNTY LEGISLATIVE PACKAGE A
STATE BILL TO INCREASE REVENUE FOR
EACH COUNTY'S AFFORDABLE HOUSING
FUND THROUGH AN ADDITIONAL ONE
PERCENT CONVEYANCE TAX ON PROPERTIES
VALUED AT MORE THAN \$2 MILLION

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 an additional one percent conveyance tax on the sale of residential properties valued at over \$2,000,000, is approved for inclusion in the 2018 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.

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"

____.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 paragraphs (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

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, 2023.

INTRODUCED BY: _____

COUNCIL OF THE COUNTY OF MAUI

WAILUKU, HAWAII 96793

CERTIFICATION OF ADOPTION

It is HEREBY CERTIFIED that RESOLUTION NO. 17-154 was adopted by the Council of the County of Maui, State of Hawaii, on the 20th day of October, 2017, by the following vote:

MEMBERS	Michael B. WHITE Chair	Robert CARROLL Vice-Chair	Alika ATAY	Eleanora COCHRAN	S. Stacy CRIVELLO	Donald S. GUZMAN	G. Riki HOKAMA	Kelly T. KING	Yuki Lei K. SUGIMURA
ROLL CALL	Excused	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye


COUNTY CLERK