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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. The legislature finds that immediate action is  
2 needed to secure Hawaii's water supply. Hotter, drier  
3 conditions and damaged watershed forests are escalating the  
4 costs of and conflicts over water.

5           Protecting forest watersheds is a very cost-effective and  
6 efficient way to absorb rainwater and replenish ground water.  
7 Watersheds also reduce impacts from climate change by absorbing  
8 greenhouse gases. Additionally, forests ensure sustainability  
9 of irreplaceable cultural values and natural resources.

10           Half of Hawaii's forests have already been lost.  
11 Introduced animals, such as feral pigs, sheep, deer, and goats,  
12 trample and devour vegetation, leaving bare ground or openings  
13 for invasive plants that consume more water and increase runoff.  
14 Controlling these and other threats requires a large-scale  
15 effort to protect these irreplaceable natural assets.

16           Governor Neil Abercrombie's "A New Day in Hawaii" plan  
17 calls for stewardship of the natural resources that our way of  
18 life and economy depend on. Priority actions of the plan



1 include managing invasive species, protecting forests, and  
2 restoring capabilities of the department of land and natural  
3 resources by finding additional sources of funding. The  
4 Abercrombie administration's New Day Status Report also tasks  
5 the department of land and natural resources to ensure mauka  
6 watersheds are fully functioning so fresh water resources can be  
7 utilized and enjoyed by the people of Hawaii in perpetuity. To  
8 implement these central goals of the Abercrombie administration,  
9 the department of land and natural resources released "The Rain  
10 Follows the Forest - A Plan to Protect Hawaii's Source of  
11 Water."

12 "The Rain Follows the Forest - A Plan to Protect Hawaii's  
13 Source of Water" identifies priority watersheds and outlines on-  
14 the-ground actions and projects required to protect and sustain  
15 Hawaii's critical water sources. The forests and their ability  
16 to capture water depend on the protection provided by the  
17 actions listed in this plan. Currently, only ten per cent  
18 (approximately 90,000 acres) of the priority watershed areas are  
19 protected. This level of management has taken forty years to  
20 achieve. The department of land and natural resources' goal is  
21 to double the amount of protected watershed areas in just ten



1 years. This will require approximately \$11,000,000 per year,  
2 and create over one hundred fifty local jobs.

3 The legislature also finds that there is a clear nexus to  
4 use a portion of the conveyance tax for watershed protection.

5 The development, sale, and improvement of real estate in Hawaii  
6 puts additional pressure on watersheds, Hawaii's water  
7 resources, and watershed recharge areas. Protecting watersheds  
8 benefits Hawaii's economy, environment, and quality of life.

9 While watershed protection is one of many authorized  
10 beneficiaries of the natural area reserve fund, additional  
11 funding is needed to restore Hawaii's watershed health and  
12 function and control invasive species. This additional funding  
13 will support the goals of the Abercrombie administration and the  
14 department of land and natural resources' watershed plan,  
15 ensuring that watershed protection funding is commensurate with  
16 the magnitude of effort needed to ensure Hawaii's water supply  
17 for the future.

18 The purpose of this Act is to amend the amount of the  
19 conveyance tax and direct portions of the tax's revenues toward  
20 watershed protection and invasive species control.

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



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

- 10           (1) Except as provided in paragraph (2):
- 11           (A) Ten cents per \$100 for properties with a value of  
12           less than \$600,000;
- 13           (B) Twenty cents per \$100 for properties with a value  
14           of at least \$600,000, but less than \$1,000,000;
- 15           (C) Thirty cents per \$100 for properties with a value  
16           of at least \$1,000,000, but less than \$2,000,000;
- 17           (D) [~~Fifty~~] \_\_\_\_\_ cents per \$100 for properties  
18           with a value of at least \$2,000,000, but less  
19           than \$4,000,000;
- 20           (E) [~~Seventy cents~~] \_\_\_\_\_ per \$100 for  
21           properties with a value of at least \$4,000,000,  
22           but less than \$6,000,000;



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

1 (F) [~~One dollar and ten~~] \_\_\_\_\_ cents per \$100  
2 for properties with a value of at least  
3 \$6,000,000, but less than \$10,000,000; and  
4 (G) [~~One dollar and twenty-five cents~~] \_\_\_\_\_ per  
5 \$100 for properties with a value of \$10,000,000  
6 or greater,  
7 of such actual and full consideration; provided that in the case  
8 of a lease or sublease, this chapter shall apply only to a lease  
9 or sublease whose full unexpired term is for a period of five  
10 years or more, and in those cases, including (where appropriate)  
11 those cases where the lease has been extended or amended, the  
12 tax in this chapter shall be based on the cash value of the  
13 lease rentals discounted to present day value and capitalized at  
14 the rate of six per cent, plus the actual and full consideration  
15 paid or to be paid for any and all improvements, if any, that  
16 shall include on-site as well as off-site improvements,  
17 applicable to the leased premises; and provided further that the  
18 tax imposed for each transaction shall be not less than \$1."

19 SECTION 3. Section 247-7, Hawaii Revised Statutes, is  
20 amended to read as follows:

21 "**§247-7 Disposition of taxes.** All taxes collected under  
22 this chapter shall be paid into the state treasury to the credit

1 of the general fund of the State, to be used and expended for  
2 the purposes for which the general fund was created and exists  
3 by law; provided that of the taxes collected each fiscal year:

4 (1) Ten per cent shall be paid into the land conservation  
5 fund established pursuant to section 173A-5;

6 (2) [~~Twenty five per cent from July 1, 2009, until June~~  
7 ~~30, 2012, and thirty~~] Fifty per cent [~~in each fiscal~~  
8 ~~year thereafter~~] shall be paid into the rental housing  
9 trust fund established by section 201H-202; and

10 (3) [~~Twenty per cent from July 1, 2009, until June 30,~~  
11 ~~2012, and twenty five~~] \_\_\_\_\_ per cent [~~in each~~  
12 ~~fiscal year thereafter~~] shall be paid into the natural  
13 area reserve fund established by section 195-9;  
14 provided that the funds paid into the natural area  
15 reserve fund shall be annually disbursed by the  
16 department of land and natural resources [~~in~~] for the  
17 following [~~priority~~] purposes:

18 (A) To natural area partnership and forest  
19 stewardship programs after joint consultation  
20 with the forest stewardship committee and the  
21 natural area reserves system commission;



- 1 (B) Projects undertaken in accordance with watershed
- 2 management plans pursuant to section 171-58 or
- 3 watershed management plans negotiated with
- 4 private landowners, and management of the natural
- 5 area reserves system pursuant to section 195-3;
- 6 [~~and~~]
- 7 (C) The youth conservation corps established under
- 8 chapter 193[-];
- 9 (D) Projects undertaken in accordance with watershed
- 10 management plans of the department of land and
- 11 natural resources to protect and restore Hawaii's
- 12 sources of water; and
- 13 (E) Projects for invasive species control, including
- 14 those developed under chapter 194."

15 SECTION 4. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 2013, and  
18 shall be repealed on June 30, 2023; provided that sections 247-2  
19 and 247-7, Hawaii Revised Statutes, shall be reenacted in the  
20 form in which they read on June 29, 2023.

**Report Title:**

Watershed Protection; Invasive Species Control; Conveyance Tax

**Description:**

Amends the conveyance tax on certain real estate transactions and allocates a portion of conveyance tax revenues to the Natural Area Reserve Fund for watershed protection and invasive species control and to the Rental Housing Trust Fund. Effective July 1, 2013. Repealed June 30, 2023. (HB935 HD2)

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

