

JAN 18 2019

S.B. NO. 112

A BILL FOR AN ACT

RELATING TO HOUSING PRODUCTION.

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

1 SECTION 1. The legislature finds that the State has a
2 housing crisis. In March 2015, the department of business,
3 economic development, and tourism found that for the period of
4 2015-2025, the demand for additional housing units is: 25,847
5 units for the city and county of Honolulu, 19,610 units for
6 Hawaii county, 13,949 units for Maui county, and 5,287 units for
7 Kauai county. While this forecast projects an acute housing
8 shortage from 2015 to 2025, there has been a lack of measureable
9 progress at the county level to enact policies that will
10 stimulate housing production to meet projected demand.

11 The purpose of this Act is to require the counties to focus
12 on being proactive in the production of new housing rather than
13 reacting to individual housing projects by requiring each county
14 to annually authorize the construction of ten per cent of the
15 forecasted demand over the next ten years.

16 SECTION 2. Section 237D-6.5, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:



1 "(b) Except for the revenues collected pursuant to section
2 237D-2(e), revenues collected under this chapter shall be
3 distributed in the following priority, with the excess revenues
4 to be deposited into the general fund:

5 (1) \$1,500,000 shall be allocated to the Turtle Bay
6 conservation easement special fund beginning July 1,
7 2015, for the reimbursement to the state general fund
8 of debt service on reimbursable general obligation
9 bonds, including ongoing expenses related to the
10 issuance of the bonds, the proceeds of which were used
11 to acquire the conservation easement and other real
12 property interests in Turtle Bay, Oahu, for the
13 protection, preservation, and enhancement of natural
14 resources important to the State, until the bonds are
15 fully amortized;

16 (2) \$16,500,000 shall be allocated to the convention
17 center enterprise special fund established under
18 section 201B-8;

19 (3) \$79,000,000 shall be allocated to the tourism special
20 fund established under section 201B-11; provided that:



- 1 (A) Beginning on July 1, 2012, and ending on June 30,
2 \$2,000,000 shall be expended from the
3 tourism special fund for development and
4 implementation of initiatives to take advantage
5 of expanded visa programs and increased travel
6 opportunities for international visitors to
7 Hawaii;
- 8 (B) Of the \$79,000,000 allocated:
- 9 (i) \$1,000,000 shall be allocated for the
10 operation of a Hawaiian center and the
11 museum of Hawaiian music and dance at the
12 Hawaii convention center; and
- 13 (ii) 0.5 per cent of the \$79,000,000 shall be
14 transferred to a sub-account in the tourism
15 special fund to provide funding for a safety
16 and security budget, in accordance with the
17 Hawaii tourism strategic plan 2005-2015; and
- 18 (C) Of the revenues remaining in the tourism special
19 fund after revenues have been deposited as
20 provided in this paragraph and except for any sum
21 authorized by the legislature for expenditure



1 from revenues subject to this paragraph,
2 beginning July 1, 2007, funds shall be deposited
3 into the tourism emergency special fund,
4 established in section 201B-10, in a manner
5 sufficient to maintain a fund balance of
6 \$5,000,000 in the tourism emergency special fund;
7 (4) \$103,000,000 shall be allocated as follows: Kauai
8 county shall receive 14.5 per cent, Hawaii county
9 shall receive 18.6 per cent, city and county of
10 Honolulu shall receive 44.1 per cent, and Maui county
11 shall receive 22.8 per cent; provided that commencing
12 with fiscal year 2018-2019, a sum that represents the
13 difference between a county public employer's annual
14 required contribution for the separate trust fund
15 established under section 87A-42 and the amount of the
16 county public employer's contributions into that trust
17 fund shall be retained by the state director of
18 finance and deposited to the credit of the county
19 public employer's annual required contribution into
20 that trust fund in each fiscal year, as provided in
21 section 87A-42, if the respective county fails to



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1 remit the total amount of the county's required annual
2 contributions, as required under section 87A-43;
3 provided further that commencing with fiscal year
4 2020-2021 and each year thereafter until fiscal year
5 2030-2031, each county shall authorize the
6 construction of new housing units as follows:

7 (A) For the city and county of Honolulu, 2,588 new
8 housing units;

9 (B) For the county of Hawaii, 1,961 new housing
10 units;

11 (C) For the county of Maui, 1,395 new housing units;
12 and

13 (D) For the county of Kauai, 529 new housing units;

14 provided that for each year a county fails to
15 authorize the construction of the required number of
16 new housing units, there shall be a reduction of one
17 per cent of the county's applicable percentage share
18 of revenues pursuant to this paragraph beginning the
19 following fiscal year; provided further that for each
20 year a county's percentage share is reduced for
21 failure to authorize the construction of the required



1 number of new housing units, the county may recoup the
2 reduction at a rate of one per cent per year if the
3 county meets or exceeds the number of new housing
4 units required to be authorized in the next year; and

5 (5) \$3,000,000 shall be allocated to the special land and
6 development fund established under section 171-19;
7 provided that the allocation shall be expended in
8 accordance with the Hawaii tourism authority strategic
9 plan for:

10 (A) The protection, preservation, maintenance, and
11 enhancement of natural resources, including
12 beaches, important to the visitor industry;

13 (B) Planning, construction, and repair of facilities;
14 and

15 (C) Operation and maintenance costs of public lands,
16 including beaches, connected with enhancing the
17 visitor experience.

18 All transient accommodations taxes shall be paid into the
19 state treasury each month within ten days after collection and
20 shall be kept by the state director of finance in special
21 accounts for distribution as provided in this subsection.



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1 As used in this subsection, "fiscal year" means the twelve-
2 month period beginning on July 1 of a calendar year and ending
3 on June 30 of the following calendar year."

4 SECTION 3. New statutory material is underscored.

5 SECTION 4. This Act shall take effect on July 1, 2019, and
6 shall be repealed on June 30, 2031.

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INTRODUCED BY: _____

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Report Title:

Counties; Housing Production; Requirements; Transient Accommodations Tax

Description:

Requires, between fiscal year 2020-2021 and fiscal year 2030-2031, each county to authorize construction for a specified number of new housing units. Reduces the amount of transient accommodations tax revenue the counties receive for failure to meet the requirements. Allows for recoupment of reduction under certain circumstances. Repeals June 30, 2031.

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

