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June 21, 2006

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2006-07

RE: Act 100, Session Laws of Hawaii 2006, Relating to Housing (Act 100)

On May 16, 2006, Governor Linda Lingle signed into law House Bill 2176 HD 2, SD 2, CD 1, as Act 100. Act 100 addresses the problems of affordable housing by, among other things, increasing the allocation of conveyance tax revenues to the Rental Housing Trust Fund.

Monies in the Rental Housing Trust Fund are "used to provide loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units". HRS § 201G-432.

Currently, Section 247-7, Hawaii Revised Statutes, deposits 30% of the conveyance tax revenue into the Rental Housing Trust Fund. Act 100 increases the allocation of conveyance tax to 50% for approximately one year.

Act 100 takes effect on July 1, 2006. The increase in conveyance tax deposited into the Rental Housing Trust Fund from 30% to 50% is repealed on June 30, 2007. Therefore, as of July 1, 2007, 30% of the conveyance tax revenue would be deposited into the Rental Housing Trust Fund.

For more information on Act 100, please contact the Rules Office at (808) 587-1577.

KURT KAWAFUCHI
Director of Taxation