

BUILD OUR FUTURE



**2023
HAWAI'I REALTORS®
LEGISLATIVE RECAP**

PRESIDENT'S MESSAGE

ALOHA,

AS REALTORS® WE SEE FIRSTHAND THE JOY IT BRINGS IN HELPING OUR CLIENTS FIND THEIR DREAM HOME OR PROPERTY. BECAUSE OF THAT, HAWAI'I REALTORS® IS COMMITTED TO SUPPORTING INCREASED HOUSING AND A HEALTHY HOUSING MARKET.

Building upon the success of last year's YIMBY bill, this year we pushed for legislation to streamline the land use process for affordable housing projects on county land. We need over 46,000 additional housing units by 2030, to meet demand based on a study by the Department of Business, Economic Development and Tourism. House Bill 676 almost made it to the finish line, but a last-minute clarification to the bill resulted in it not passing its final vote.

In our ongoing commitment to protect our precious drinking water, streams, ground water, and ocean resources, we actively participated in a Department of Health led Cesspool Conversion Working Group. The working group's mission was to develop a comprehensive plan for cesspool conversion statewide by 2050 as required by state law. Currently, we have approximately 83,000 cesspools scattered across the islands, divided into three priority areas: 48,596 on Hawai'i Island, 14,300 on Kauai, 11,038 on Maui, 1,400 on Molokai, and 7,491 on O'ahu. With only 27 years remaining to meet the state's mandate, we face the daunting task of converting all of these cesspools into Director of Health approved wastewater systems.

To achieve this goal, we would need to convert at least 3,000 cesspools annually; however, manpower and resources being limited, especially in rural areas and on the neighbor islands. To better understand the financial implications for homeowners, the Cesspool Conversion Working Group conducted an affordability analysis. The results were staggering—97% of homeowners would face significant financial burdens due to the costs associated with cesspool conversion. Even with a \$10,000 rebate, 82% of homeowners would still find themselves financially strained. It is clear that the majority of homeowners cannot afford to do this alone. To that end, our other priority issue was to address this by ensuring that the necessary wastewater infrastructure was available to support homeowners in their cesspool conversion efforts. We were successful in passing House Concurrent Resolution 208 which is detailed more in this report.

We are actively and continuously working on behalf of all REALTORS® to ensure that your voices are heard on the issues most important to our communities. A special mahalo to our hard-working Government Affairs Committee comprised of REALTOR® volunteers and staff that often met more than weekly during the fast-paced legislative session

MAHALO,



KALAMA KIM
2023 HAWAI'I REALTORS®
PRESIDENT



END OF SESSION

HOW DID WE DO?

HOUSE BILLS
INTRODUCED

1,514

SENATE BILLS
INTRODUCED

1,618

3,908

VOLUNTEER HOURS
GOVERNMENT AFFAIRS
COMMITTEE



781



TESTIFIED
135
TIMES

**BILLS
TRACKED**

BILLS THAT PASSED LEGISLATURE

5

SUPPORT

0

OPPOSE

3

COMMENT

33

MONITOR



STRONG SUPPORT

Devote the highest
level of resources to pass
the bill.

SUPPORT

Hawai'i REALTORS® supports
passage of this measure.



MONITOR

Continuously
review to
ensure it does not
impact Hawai'i
REALTORS®.



STRONG OPPOSE

Devote the highest level of
resources to stop the bill.

OPPOSE

Hawai'i REALTORS® is concerned
about this measure and does not
support its passage.



COMMENTS/ CONCERNS

Provide unintended
consequences or
feedback on an issue
or recommend
changes to a bill.

Looking forward, Governor Green must provide the Legislature with a list of any bills he may veto by June 26, 2023. Any bill that he signs before that date, or that is not on the veto list, becomes law regardless of his signature. Any listed bills not vetoed become law after July 11, 2023. The Legislature may then decide to override any vetoes at that point. We will update this report with Act numbers after the veto deadline. Please visit www.hawaiiirealtors.com/advocacy to download the digital copy with links.

BILLS THAT PASSED THE LEGISLATURE

PRIORITY ISSUE CESSPOOL CONVERSION

HOUSE CONCURRENT RESOLUTION 208, HD1

Requesting each county to develop a comprehensive wastewater management plan and financial strategy to upgrade, convert, or connect cesspools located within its respective jurisdictions by 2050. Each county is requested to submit its plan, including proposed legislation, to the Legislature no later than 20 days prior to the convening of the 2024 legislation session.

Why? The need for infrastructure is one of the biggest challenges in converting all cesspools by 2050. Conversion options include sewer or septic, but in order to have access to sewer, the counties need to build out sewer infrastructure which is a challenge in rural areas especially on the neighbor islands.

HOUSE BILL 1363, CD1

Extends the period within which a county may adopt a surcharge on state tax, under certain conditions to December 31, 2023 and to use the surcharge for housing infrastructure. Temporarily authorizes the use of county surcharge revenues for counties that have adopted a surcharge for housing infrastructure on the neighbor islands. This does not apply to O'ahu's surcharge as it is dedicated to mass transit. Housing infrastructure includes pedestrian paths or sidewalks on a county road near or around a public school, and water drainage, sewer, water reuse, waste disposal, and waste treatment systems that connect to the infrastructure of the county. Effective upon approval.

STATUS



ADOPTED

POSITION



STRONGLY SUPPORT



SENT TO GOVERNOR



SUPPORT

ADVANCING HOUSING

HOUSE BILL 674, CD1

Repeals the percentage requirements for the Hawai'i Public Housing Authority related to the admission of applicants, with or without preferences, into federal and state low-income public housing units. Effective upon approval.

HOUSE BILL 675, CD1

Requires, if sufficient funding is available, the Hawai'i Housing Finance and Development Corporation ("HHFDC") to open at minimum two application periods each year for the receipt of applications for financing for the development of affordable housing in the State from the Low-Income Housing Tax Credit Program, Hula Mae Multi-Family Program, Rental Housing Revolving Fund Program, and Dwelling Unit Revolving Fund Program. Effective upon approval.



SENT TO GOVERNOR



SUPPORT



SENT TO GOVERNOR



MONITOR

ADVANCING HOUSING CONTINUED

HOUSE BILL 677, CD1

The way interest is calculated when paying the HHFDC has been adjusted. Previously, buyers had to pay a fixed 7% interest rate, but now the specific amount will be determined by the HHFDC.

Additionally, creates a pilot program called the Dwelling Unit Revolving Fund (DURF) equity program. This program focuses on assisting Hawai'i residents who meet specific criteria, including being first-time homebuyers, not receiving gift funds, or working in professions facing shortages such as healthcare, education, law enforcement, and agriculture. Under this program, the HHFDC has the authority to purchase equity in for-sale housing development projects. As a result, the buyer's payment is reduced by the HHFDC's equity share for the property. However, when the buyer sells the property or within 30 years, they are required to repay the HHFDC for the appreciated equity amount. To fund this pilot program, the HHFDC can allocate up to \$10 million from existing funds in the DURF. Effective from July 1, 2023 until June 30, 2028.

HOUSE BILL 923, CD1

Requires that counties with a Private Activity Bond (PAB) issuance program to use up all their allotted bonds before requesting additional bonds from the State. If a county does receive an allocation from the State, the same amount must be awarded to projects within that county. The Department of Budget and Finance (B&F) and HHFDC are given the authority to work together with a county to coordinate the distribution of PABs and low-income housing tax credits for new rental housing projects in that county. The Directors of Finance in each county must inform the B&F and HHFDC about any unused or unassigned bond allocations. It is clarified that no special purpose revenue bonds that require an annual state ceiling allocation will be authorized between June 30, 2023, and December 31, 2028.

Why? The private activity bond cap is currently the most limiting resource in terms of multi-family rental housing financing. This measure will help to ensure fairness and equity in the allocation of the State's private activity bonds, especially for the counties of Maui and Hawai'i, which do not have private activity bond issuance programs.

SENATE BILL 764, CD1

Allows a bank to invest, in aggregate, up to 15% of the bank's capital and surplus in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties without the prior approval of the Commissioner of Financial Institutions or an after-the-fact notice. Authorizes an eligible bank to make an investment exceeding 15% but not exceeding 20% of the bank's capital and surplus without prior notification to, or approval by, the Commissioner if the eligible bank submits an after-the-fact notice. Effective upon approval.

Why? Existing law limits the amount that a bank may invest in entities formed to invest in residential properties that qualify for federal Low-Income Housing Tax Credits. This measure encourages the financing of affordable residential housing projects by increasing the low-income housing tax credit investment limit for local banks to a level already permitted by the federal government.

STATUS



SENT TO GOVERNOR

POSITION



MONITOR



SENT TO GOVERNOR



MONITOR



SENT TO GOVERNOR



MONITOR

ADVANCING HOUSING CONTINUED

HOUSE BILL 992, CD1

Clarify that the \$5,000,000 in general funds that were appropriated in Act 248, Session Laws of Hawai'i 2022, for the purpose of providing, in whole or in part, loans to nonprofit community development financial institutions and nonprofit housing development organizations for the development of affordable homeownership housing projects, is to be deposited into the affordable homeownership revolving fund for the purpose for which the revolving fund was established. This ensures that loan repayments will be made to the affordable homeownership revolving fund rather than the general fund. Effective upon approval.

SENATE BILL 865, CD1

Establishes the 99 Year Leasehold Program to develop low-cost residential condominium units on state-owned and county-owned land in urban redevelopment sites to be sold in leasehold by the Hawai'i Community Development Authority ("HCDA") to qualified residents. Provides for the disposition of lands that are acquired by the HCDA but no longer needed for the program. Appropriates \$190,000 for 2 full-time positions within HCDA for Fiscal Year ("FY") 2023-2024 and 2024-2025. Appropriates \$1.5 million for FY2023-2024 to adopt rules, engage the community and conduct site and predevelopment planning. Effective July 1, 2023.

SENATE BILL 941, CD1

Authorizes the School Facilities Authority ("SFA") to partner with public and private agencies to develop housing on or off campus for teachers, educators, and staff and develop classrooms. Authorizes the SFA to request any state or county agency to render services to the SFA.

Authorizes the SFA to contract to manage the leasing and property management of housing projects or transfer the property to another public agency.

Authorizes the SFA to transfer appropriated funds to partner state agencies for the development of housing and classrooms, subject to approval by the Governor.

Deposits \$170 million to the School Facilities Special Fund to be expended by the SFA for the construction of housing and classrooms.

Authorizes the School Facilities Authority to adopt administrative rules to lease vacant housing. Effective July 1, 2023.

STATUS



SENT TO GOVERNOR



SENT TO GOVERNOR



SENT TO GOVERNOR

POSITION



MONITOR



MONITOR



MONITOR



HOUSING ASSISTANCE & HOMELESSNESS

HOUSE BILL 1366, CD2

Requires the Department of Human Services to establish a three-year return-to-home pilot program to provide eligible homeless individuals with assistance in being reunited with family and relatives in their home state. Appropriates \$100,000. Effective July 1, 2023 and sunsets on December 1, 2026.

HOUSE BILL 1397, CD1

Establishes a supportive housing pilot program in the Statewide Office on Homelessness and Housing Solutions. Supportive housing combines affordable housing with access to services to help special needs populations, such as chronically homeless individuals and families, individuals with intellectual, developmental, physical or severe mental disabilities, individuals transitioning from incarceration, emancipated foster youth, individuals with an alcohol or drug addiction, and frail elderly individuals. Appropriates \$2,784,000 for supportive housing for Fiscal Year ("FY") 2023-2034 plus \$476,000 for a supportive housing information system. Effective July 1, 2023 and sunsets (ends on) June 30, 2025.

SENATE BILL 898, CD1

Temporarily expands the State Rent Supplement Program specifically for qualified persons who are 62 years of age or older and are homeless or at imminent risk of becoming homeless. Requires the Hawai'i Public Housing Authority to submit annual reports to the Legislature. Appropriates \$1 million for FY 2023-2024. Effective upon approval and sunsets on June 30, 2026.

STATUS



SENT TO GOVERNOR



SENT TO GOVERNOR



SENT TO GOVERNOR

POSITION



MONITOR



SUPPORT



SUPPORT

DISCLOSURE

HOUSE BILL 1091, CD1

Requires disclosure of all existing permitted and unpermitted erosion control structures on the parcel in real estate transactions when residential real property lies adjacent to the shoreline. It also requires the disclosure of expiration dates for permitted structures, notices of alleged violation, and fines for expired permits or unpermitted structures.



SENT TO GOVERNOR



COMMENT

What We Advocated For? Successfully removed a sellers disclosure requirement that would have put our members and their clients at risk for litigation. The original bill required sellers to disclose erosion rates for properties during real estate transactions for shoreline residential real property based on incomplete and difficult to use county maps. Without an accurate and accessible statewide database of information on erosion rates, a seller may inadvertently disclose inaccurate information.

PROPERTY MANAGEMENT

SENATE BILL 930, CD1

Allows a landlord or landlord's agent to charge an application screening fee for applicants that are 18 years old or older or emancipated minors at the time a rental application is processed for a dwelling unit.

Requires the landlord or landlord's agent to provide a receipt for payment of the application screening fee and a breakdown of the fee upon request. The landlord must also return any amounts not utilized for screening the applicant.

Requires the Office of Consumer Protection to produce and make available informational materials and publicize requirements regarding application fees and related rights and obligations by June 1, 2023.

What We Advocated For? We successfully negotiated removing the fee cap, allowing landlords to screen all adult applicants, and eliminating the requirement to share screening reports with applicants as certain reports are confidential.

STATUS



SENT TO GOVERNOR

POSITION



COMMENT

LAND SURVEYORS

SENATE BILL 1468, CD1

Authorizes professional land surveyors, and any assistant under the direct supervision of the professional land surveyor, to enter any private property to perform land surveying. Must provide specific written notice 10 days prior to proposed entry. Allows a property owner to object within 72 hours of receiving the notice. Shields professional land surveyors and their assistants from prosecution under criminal trespass laws when performing their duties. Additionally, the land surveyor and/or their assistant must at all times carry a government-issued id, copy of the written notice, and certificate of licensure or seal, stamp or facsimile thereof. Effective July 1, 2023.

What We Advocated For? Land surveyors are important to our industry, and we wanted to ensure they could safely do their job while balancing property rights. We negotiated that written notice of 10 days be given to homeowners so that they have sufficient notice. Land surveyors cannot enter a building, car, or residence on the property. Property owners are still also able to object to granting entry.



SENT TO GOVERNOR



COMMENT

TAXES & FEES

HOUSE BILL 954, CD1

Increases the household and dependent care services tax credit for five years. Increases the refundable earned income tax credit for five years. Increases the income thresholds and credit amounts of the refundable food/excise tax credit for five years. Effective upon approval and applies to taxable years beginning after December 31, 2022 and ends on December 31, 2027.

HOUSE BILL 1100, SD2

Conforms Hawai'i income and estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended as of December 31, 2022. One major conforming item provides relief to taxpayers when an item of income reported in an earlier tax year (at a higher tax rate) is returned in a subsequent year (at a lower tax rate) if it is determined that the taxpayer did not have an unrestricted right to the item of income when reported. One section with respect to computation of tax where taxpayers restores substantial amount held under claim of right applies to taxable year December 31, 2023. Otherwise, applies to taxable years beginning or decedents dying or taxable transfer occurring after December 31, 2022.

SENATE BILL 1437, CD1

Authorizes certain pass-through entities to elect to pay Hawai'i income tax at the entity level. Effective July 1, 2024, and applies to tax years beginning after December 31, 2022.

Why? The federal Tax Cuts and Jobs Act of 2017 capped the state and local tax deduction for individuals at \$10,000 for the 2018-2025 taxable years, which deprived individual taxpayers of significant federal tax benefits. In response, several states have enacted laws to authorize certain pass-through entities, such as corporations and partnerships to elect to pay state income tax at the entity level, thus bypassing the \$10,000 cap amount.



STATUS



SENT TO GOVERNOR



SENT TO GOVERNOR



SENT TO GOVERNOR

POSITION



MONITOR



MONITOR



MONITOR

LAND USE

HOUSE BILL 307, CD1

Allows the Department of Agriculture to extend the agricultural park lease of any lessee who holds a lease with a remaining term of 15 years or less, if the land covered by the lease is 25 acres or less and located in a county with a population of less than 500,000 (neighbor islands.) Effective upon approval.

HOUSE BILL 365, SD2

Broadens the exclusions from the definition of “development” in special management areas to reduce the requirement for special management area permits for specific activities. The expanded exclusions cover various activities such as installing, maintaining, and repairing public pedestrian and bicycle facilities, removing trash or invasive vegetation, installing fencing for invasive species control or preserving native habitats on conservation land, installing lighting, fixtures, and equipment, implementing security measures like fencing for existing public facilities, and engaging in Hawaiian traditional and customary practices, such as fish ponds. Effective upon approval.

HOUSE BILL 615, SD1

Clarifies that any provision in a private agreement contained in a conveyance of land recorded on or before July 8, 2003 that has since expired but have not been renewed and recorded in the Bureau of Conveyances are prohibited from restricting bona fide agricultural uses and activities on agricultural land. Effective upon approval.

Why? Some “private agreements” established on subdivided and condominiumized agricultural lands with lot or unit owner associations prior to the effective date of section 205-4.6, Hawai‘i Revised Statutes, contained limitations and prohibitions on agricultural activities and uses. These constraints can severely impact farming operations and include limitations on hours of operation of farm equipment, height of windbreaks, and types of crops that are allowed to be cultivated. This measure prevents these private agreements created prior to July 8, 2003, that have since expired and not been renewed, from being enforced.

STATUS



SENT TO GOVERNOR



SENT TO GOVERNOR



SENT TO GOVERNOR

POSITION



MONITOR



MONITOR



CLOSELY MONITOR

LAND USE CONTINUED

SENATE BILL 1064, CD1

Establishes the Dam and Appurtenance Improvement or Removal Grant Program for plans, design, construction, and equipment that is used to improve or remove deficient dams and appurtenances as determined by the Department of Land and Natural Resources. Specifies eligibility requirements for dam and appurtenance improvement or removal grants. Appropriates \$10 million for the grants for improvements or grants for FY 2023-2024. Also, appropriates \$220,000 for FY 2023-2024 and 2024-2025 for two full-time positions and operating expenses. Effective July 1, 2023.

SENATE BILL 1391, CD1

Authorizes the Board of Land and Natural Resources to place a lien on property for noncompliance with certain administrative enforcement actions related to land use violations and certain unauthorized structures encroaching on public lands, such as if the structure is unpermitted or remains under an expired permit. Effective upon approval.

Why? The focus of this bill is on unpermitted erosion prevention structures on state property along shorelines.

SENATE BILL 1417, CD1

Requires the Hawai'i Community Development Authority to consider the impacts of climate change, sea level rise, and climate-resilient development in the design and siting of buildings in the Kaka'ako and Kalaeloa community development districts. Effective upon approval.

SENATE BILL 1552, CD1

Appropriates \$500,000 to the Department of Land and Natural Resources to support the Hawai'i Ant Lab in mitigating the effects of little fire ants in the State. Effective July 1, 2023.

STATUS



SENT TO GOVERNOR



SENT TO GOVERNOR



SENT TO GOVERNOR



SENT TO GOVERNOR

POSITION



MONITOR



CLOSELY MONITOR



MONITOR



MONITOR

HOUSING (BUILDING & CONSTRUCTION)

HOUSE BILL 217, CD1

Updates the cost valuations of work on certain residences for the work to qualify for an exemption from the requirement that plans and specifications for construction projects to be prepared by a licensed engineer or architect.

Privately-Owned Buildings or Structures (Removed Dwelling):

- One-story: \$45,000
- Two-story: \$35,000

Privately-Controlled Residence:

- One-Story: Increased to \$180,000 (previously \$50,000)
- Two-story: Increased to \$162,000 (previously \$45,000)

Clarifies work that is not exempt from these requirements.

- Any building, structure or residence in which the principal structural members consist of reinforced concrete or structural steel having riveted, bolted, or welded connections.
- Any structure or improvement for which the state or county requires the use of a licensed professional, such as structures within special management areas, flood hazard areas, and special design districts or improvements resulting from conditional use or other discretionary zoning permits, code compliances, or variances, and building permit expedited procedures.
- Any improvement resulting from rules established by a landowner or an association of owners for private property owned by the landowner or association of owners. Effective upon approval.

SENATE BILL 691, CD1

Allows the Chief Energy Officer of the Hawai'i State Energy Office to enforce minimum efficiency standards and adopt or amend efficiency standards. Sets minimum efficiency standards for portable electric spas, residential ventilating fans, toilets, urinals, and water coolers. Allows manufacturers to utilize the Home Ventilating Institute's certified products directory certification program to meet certain standards. Effective June 30, 2023.

STATUS



SENT TO
GOVERNOR

POSITION



MONITOR



SENT TO
GOVERNOR



MONITOR

STATE BUDGET

HOUSE BILL 300, CD1

Appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2023-2024 and 2024-2025.

[View the Press Release](#) for notable budget highlights.



SENT TO
GOVERNOR



MONITOR

LICENSING

SENATE BILL 438

Reduces the period for which an application shall be considered abandoned from two years to one year. Specifies the conditions under which applications for licenses and examinations will be deemed abandoned. Provides that the one-year period after which an application is considered abandoned cannot be extended. Provides that a licensing authority shall not be required to act on any abandoned application and that the licensing authority may destroy abandoned applications. Clarifies that an application submitted after an abandoned application shall be treated as a new application and that the applicant shall comply with any new licensing requirements in effect at the time of the new application. Effective upon approval.

STATUS



**SIGNED
INTO LAW
AS ACT 21
(4/19/23)**

POSITION



MONITOR

CONDOMINIUMS & PLANNED COMMUNITY

HOUSE BILL 1509, CD1

Establishes a Planned Community Association Oversight Task Force to examine the rights afforded to owners in Condominium Property Regimes ("CPR") and determine the feasibility of extending any of those rights to members of planned community associations. Establishes a CPR Task Force to examine and evaluate issues regarding CPR and conduct an assessment of the alternative dispute resolution systems that have been established by the Legislature. Requires interim and final reports to the Legislature. Task forces ends on June 30, 2025. Effective upon approval.



**SENT TO
GOVERNOR**



MONITOR

SENATE BILL 729, CD1

Requires the Real Estate Commission to develop a curriculum for leadership training to be made available to board members of a condominium association and submit a progress report to the Legislature. Effective July 1, 2023.



**SENT TO
GOVERNOR**



MONITOR

SENATE BILL 855, CD1

Authorizes a condominium association to provide a summary of the required information in its budget. Authorizes a condominium association's reserve study to forecast a loan or special assessment to fund life safety equipment or installations for any building located in a county with a population greater than 500,000 (O'ahu.) Authorizes a condominium association to use a third party to conduct a reserves study on behalf of the condominium. Clarifies the information to be included in the description of how the estimated replacement reserves assessments are computed. Effective upon approval.



**SENT TO
GOVERNOR**



MONITOR

SENATE BILL 921

Clarifies that no statute of repose shall affect a condominium association's right of action against a condominium developer sooner than two years after the period of developer control terminates. Effective upon approval.



**VETO
OVERRIDE
ACT 29
(5/4/23)**



MONITOR

TIMESHARE

HOUSE BILL 11, CD1

Clarifies when the disclosure of pertinent provisions of condominium project instruments must occur. Specifies that primary plan documents be listed in the public disclosure statement of a time share plan. Clarifies the manner in which the required disclosure of liens, title defects, or encumbrances on the titles of units may be made. Provides that a consultant's review of encumbrances shall be waived upon the certification from the developer that the time share interest is free and clear of blanket liens or that identifies all blanket liens. Effective upon approval.

SENATE BILL 798, CD1

Requires a developer's application for registration or annexation to include a list of projects containing out-of-state time share units and a statement that the developer has verified that those units are in compliance or not prohibited under the laws of the jurisdiction where the units are located. Clarifying that a developer is not required to submit any other evidence of such compliance to register in Hawai'i. Effective upon approval.

SENATE BILL 799, CD1

For time share plans that use title holding trusts, requires the developer to submit a title report evidencing that the title is vested in the trustee. For time share plans that use a notice of time share plan, requires the recordation of the notice and its submission. For time share plans that use alternative arrangements, requires the recordation of any alternative arrangement documents. Effective upon approval.

STATUS



SENT TO GOVERNOR

POSITION



MONITOR



SENT TO GOVERNOR



MONITOR



SENT TO GOVERNOR



MONITOR

UNMANNED AIRCRAFT SYSTEM ("UAS")

SENATE BILL 989, HD2

Establishes the offense of trespass with an UAS as a misdemeanor if one crosses the property line of another and comes within 50 feet of a dwelling to coerce, intimidate, or harass another person or after having given actual notice to desist, for any other reason. Or, if the UAS takes off or lands in violation of current Federal Aviation Administration special security instructions or security sensitive airspace restrictions. This will not apply if consent was given to entry by a person with legal authority to do so or lawfully present on the property or was authorized by federal regulations in a lawful manner. Effective upon approval.



SENT TO GOVERNOR



MONITOR

BILLS THAT DID NOT PASS THE LEGISLATURE

WE WERE SUCCESSFULLY ABLE TO STOP A NUMBER OF BAD LEGISLATION AND POLICIES THAT WOULD HAVE HURT THE REAL ESTATE INDUSTRY, THE HOUSING MARKET, AND MADE HAWAII A MORE EXPENSIVE PLACE TO LIVE. THIS IS JUST A SNAPSHOT OF SOME OF THE IMPORTANT ISSUES THAT WE TACKLED THIS YEAR.



✗ REAL ESTATE TRANSACTIONS

RESTRICTING REAL ESTATE BUYERS

Would have prohibited nonresident aliens and businesses and trusts that are significantly controlled by nonresident aliens from acquiring certain residential property in the State.

CESSPOOLS, POINT OF SALE MANDATE

Would have required at point of sale that cesspools within 500 feet of certain bodies of water be upgraded, converted, or connected if sold or transferred on or after January 1, 2026.

CESSPOOL CONVERSION, ACCELERATED TIMELINE CONCERNS

Accelerate the dates for required upgrades, conversions, or connections of priority level 1 cesspools to January 1, 2030 and priority level 2 to January 1, 2035 rather than January 1, 2050.

✗ INCREASING TAXES AND THE COST OF HOUSING

CAPITAL GAINS TAX INCREASE

Would have increased the capital gains tax from 7.25% to 9.5%

EMPTY HOME TAX

Would have created a 3% additional conveyance tax for properties conveyed that were vacant for 180+ days in a year.

REMOVING MORTGAGE INTEREST DEDUCTION

Would have eliminated the mortgage interest deduction for second homes under Hawaii's income tax law.

CONSTITUTIONAL AMENDMENT STATE PROPERTY TAX

Allowing the state to tax real property in addition to county real property taxes

SHORT-TERM RENTALS

Would have authorized the counties to amortize or phase out permitted, non-conforming or otherwise allowed short-term rentals.

TRANSIENT ACCOMMODATIONS TAX

Would have increased the transient accommodations tax to 25% for furnishing units for less than 30 days.

CONVEYANCE TAX INCREASE

Would have doubled or more than tripled the conveyance tax for properties over \$2 million and created new tiers for properties valued between \$10 - \$26 million+.

OVERALL, THERE WERE OVER 11 CONVEYANCE TAX INCREASE PROPOSALS.

✗ PROPERTY MANAGEMENT

EVICITION MEDIATION

Would have extended the eviction process by requiring a mediation process before evicting a tenant for non-payment of rent, similar to the process used during the pandemic. While mediation is preferable to litigation, these bills still experienced challenges.

RENT CONTROL

Would have prohibited housing providers from terminating certain tenancies without just cause. Housing providers would need to provide relocation assistance or waive the last month's rent when terminating a tenant for no-fault just cause. Restricts how often and how much a landlord may increase an existing tenant's rent.

BED BUGS

Would have created a process that housing providers would need to pay to remove a bed bug infestation upon notice by a tenant upon 60 days after commencement of the lease or half the cost with the tenant after 60 days. Additionally, housing providers would need to pay for the inspection costs and notify tenants of adjacent units or common areas.

SOURCE OF INCOME

Would have allowed the counties to prohibit discrimination based on source of income, before the State law took effect to determine its impact.

HABITABILITY

Would have prohibited housing providers from recovering possession of a dwelling unit from tenants if habitability of the premises is significantly impaired, even if the tenant caused the unit to become uninhabitable. The housing provider could not remove the tenant until the repairs are made.

**ADVOCATES, FRIENDS,
VISIONARIES, 'OHANA,
VOLUNTEERS, ADVISORS,
NEIGHBORS, LEADERS**

THAT'S WHO WE 
REALTOR®



1259 A'ALA STREET, SUITE 300
HONOLULU, HAWAI'I 96817
WWW.HAWAIIREALTORS.COM