



## Conservation Council for Hawai'i

### Summary of the Draft 2005 Kōkua Bill – December 29, 2004

**Challenge:** The Hawai'i Natural Area Reserves System (NARS) – mostly on ceded land – includes some of the best native Hawaiian ecosystems and habitat for some of the most endangered plants and animals remaining on state-managed land. There is no dedicated source of funding to manage and protect the NARS for future generations, and budget allocations have been insufficient. Ironically, a dedicated source of funding – the state conveyance tax via the Natural Area Reserve Fund – exists for similar conservation programs on private land.

Despite confusion about the name, the Natural Area Reserve Fund **does not** fund the Natural Area Reserves System!

**Solution:** The Kōkua Bill establishes a permanent source of funding for the NARS by adding the NARS to the programs currently receiving a portion of the conveyance tax via the Natural Area Reserve Fund. The Kōkua Bill would also increase the conveyance tax from \$1 for every \$1000 in conveyances to somewhere between \$2-\$4 for every \$1000 in conveyances. This would provide more funding for programs currently supported by the conveyance tax, and it would cover the addition of the NARS to the programs receiving portions of the tax.

**Justification:** Hawai'i's conveyance tax is the **lowest** in the country along with Alabama, Georgia, Illinois, and Virginia – all of which charge \$1 per \$1000 in conveyances. Other states charge more in conveyance taxes than Hawai'i does, including Maryland at \$50 per \$1000 in conveyances, Delaware at \$20 per \$1000 in conveyances, and Washington at \$15.30 per \$1000 in conveyances. Other states charge less than Maryland, Delaware, and Washington, but still more than Hawai'i does.

Currently, 25% of Hawai'i's conveyance tax goes to the Natural Area Reserve Fund to support species/ecosystem protection on private land; watershed protection mostly on private land; and the Youth Conservation Corps. 25% of the conveyance tax also goes to the Rental Housing Trust Fund to support affordable rental housing program. 50% of the conveyance tax goes to the General Fund. As presently written, the 2005 Kōkua Bill does not change these percentages.

In FY2004, approximately \$17.2 million in conveyance tax was generated. Assuming real estate transactions continue at the current rate, approximately \$34.4 to \$68.8 million a year would be generated in conveyance tax if the conveyance tax is doubled or quadrupled. The Kōkua Bill creates equity for managing natural resources on public-trust – mostly ceded – land by establishing a dedicated funding source for the NARS. The Kōkua Bill also provides sorely needed funding for species/ ecosystem and watershed protection in the NARS and on other public and private lands, the popular Youth Conservation Corps, affordable rental housing, and the General Fund.

#### Comparison Between the Status Quo and Two Scenarios Under the 2005 Kōkua Bill

<i>State Law</i>	<i>Rate</i>	<i>To NAR Fund</i>	<i>To RHT Fund</i>	<i>To Gen. Fund</i>	<i>Annual Revenue NAR Fund</i>	<i>Annual Revenue RHT Fund</i>	<i>Annual Revenue Gen. Fund</i>	<i>Total Annual Conveyance Tax Generated</i>
<i>Status Quo HRS § 247-7</i>	<b>\$1 per \$1000 conveyances</b>	25%	25%	50%	<b>\$4.3 million</b>	<b>\$4.3 million</b>	<b>\$8.6 million</b>	<b>\$17.2 million*</b>
<i>2005 Kōkua Bill (double the tax)</i>	<b>\$2 per \$1000 conveyances</b>	25%	25%	50%	<b>\$8.6 million</b>	<b>\$8.6 million</b>	<b>\$17.2 million</b>	<b>\$34.4 million**</b>
<i>2005 Kōkua Bill (quadruple tax)</i>	<b>\$4 per \$1000 conveyances</b>	25%	25%	50%	<b>\$17.2 million</b>	<b>\$17.2 million</b>	<b>\$34.4 million</b>	<b>\$78.8 million**</b>

\* Based on \$17.2 billion in conveyances in FY2004

\*\* Assumes current rate of real estate transactions continues

*Mahalo nui loa for your support!*



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