HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

No. 26-268

RESOLUTION

RELATING TO THE 2027 HAWAI'I STATE ASSOCIATION OF COUNTIES' LEGISLATIVE PACKAGE.

WHEREAS, the Hawai'i State Association of Counties ("HSAC") is composed of the members of all four county councils of the State of Hawai'i ("State"); and

WHEREAS, the legislative package proposed by HSAC represents the State legislative priorities of the four counties; and

WHEREAS, the HSAC Executive Committee has proposed State legislation listed in this resolution to be part of the 2027 HSAC legislative package; and

WHEREAS, the HSAC Executive Committee has also proposed legislative priorities listed in this resolution, pursuant to Section 10B of the HSAC Bylaws, to be included in the 2027 HSAC legislative package; and

WHEREAS, approval by all four county councils is required to include proposals in the 2027 HSAC legislative package; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that it approves for inclusion in the 2027 Hawai'i State Association of Counties' legislative package the following measures, attached hereto as sub-exhibits to Exhibit A (Letter from Hawai'i State Association of Counties ("HSAC") Executive Director Nahelani Parsons):

1. A Bill For An Act Relating to Conveyance Tax Certificates (Exhibit A-1; Proposed by the County of Maui);

2. A Bill For An Act Relating to Affordable Housing (Exhibit A-2; Proposed by the County of Maui);

3. A Bill For An Act Relating to Residential Property (Exhibit A-3; Proposed by the County of Maui);

4. A Bill For An Act Relating to Commercial Aquarium Collection (Exhibit A-4; Proposed by the County of Hawai'i);

5. A Bill For An Act Relating to the Environment (Exhibit A-5; Proposed by the County of Hawai'i);

RESOLUTION

6. A Bill For An Act Relating to General Excise Tax (Exhibit A-6; Proposed by the County of Hawai'i);

7. A Bill For An Act Relating to Housing (Exhibit A-7; Proposed by the County of Hawai'i); and

8. A Bill For An Act Relating to Tobacco Products (Exhibit A-8; Proposed by the County of Hawai'i); and

BE IT FURTHER RESOLVED that the Council approves for inclusion in the 2027 Hawai'i State Association of Counties' legislative package the following legislative priorities listed in Exhibit A (Letter from HSAC Executive Director Nahelani Parsons), as follows:

1. Legislation related to herbicide usage on public property (Proposed by the County of Hawai'i);

2. Legislation related to solar system installation on public property and renewable energy generation (Proposed by the County of Hawai'i);

3. Legislation related to the Commission on Water Resource Management, watershed management, riparian areas, and flood control, particularly in areas of intergovernmental authority (Proposed by the County of Hawai'i);

4. Legislation related to mental and behavioral health resources (Proposed by the County of Hawai'i);

5. Legislation related to economic development and diversification, and the administration of the Department of Business, Economic Development and Tourism and the Department of Commerce and Consumer Affairs (Proposed by the County of Hawai'i);

6. Legislation related to wastewater infrastructure, cesspool conversion, and related financing (Proposed by the County of Hawai'i);

7. Legislation related to Act 212, Session Laws of Hawai'i 2025, and the implementation of the safe routes to school programs (Proposed by the County of Hawai'i);

RESOLUTION

8. Legislation related to increasing funds for emergency preparedness, evacuation routes, notification systems, and community-level emergency planning (Proposed by the County of Hawai'i);

9. Legislation related to responsible game management of wild ungulates (Proposed by the County of Hawai'i);

10. Legislation related to creating more affordable opportunities for Hawai'i residents (Proposed by the County of Hawai'i);

11. Legislation relating to emergency management (Proposed by the HSAC Executive Committee);

12. Legislation related to broadband internet access service providers to ensure adequate consumer protections and public interest obligation; (Proposed by the HSAC Executive Committee);

13. Legislation relating to Green Fee funding that provides counties with access to Green Fee funding for county projects and priorities (Proposed by the HSAC Executive Committee); and

14. Legislation relating to invasive species (Proposed by the HSAC Executive Committee); and

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

No. 26-268

RESOLUTION

BE IT FINALLY RESOLVED that a copy of this resolution be transmitted to the President of the Hawai'i State Association of Counties.

INTRODUCED BY:

DATE OF INTRODUCTION:

NOV 9 2026
Honolulu, Hawai'i

Councilmembers

EXHIBIT A

Hawai'i State Association of Counties (HSAC)
Counties of Kaua'i, Maui, Hawai'i, and City & County of Honolulu
Website: hawaiicounties.org | Email: hsac@hawaiicounties.org

October 29, 2026

Aloha Council Chair,

Attached for your consideration are proposals to be included in the 2027 Hawai'i State Association of Counties (HSAC) Legislative Package, which were approved by the HSAC Executive Committee on October 29, 2026. Please note that pursuant to Section 10B of the Bylaws of the Hawai'i State Association of Counties, Inc., proposals must be approved by all four County Councils in order to be included in the final package.

2027 HSAC LEGISLATIVE PACKAGE

1. **A Bill For An Act Relating to Conveyance Tax Certificates (*Proposed by Maui County*)**
    - Close the gap by which limited liability company purchasers may avoid the identification required of individual purchasers and ensure that natural persons behind such entities are identified in the public record.
2. **A Bill For An Act Relating to Affordable Housing (*Proposed by Maui County*)**
    - Establish a framework for pet-inclusive affordable rental housing. This framework enables responsible pet owners, establishes robust behavioral accountability metrics to filter out bad actors, and implements a grandfathering mechanism with immediate retroactive behavioral triggers to secure existing properties without violating established lease contracts.
3. **A Bill For An Act Relating to Residential Property (*Proposed by Maui County*)**
    - Amend title 28 of the Hawai'i Revised Statutes to establish a sixty-day to ninety-day "first look" purchasing window for all single-family residential resales, while empowering community land trusts to preserve community integrity through targeted housing allocations.
4. **A Bill For An Act Relating to Commercial Aquarium Collection (*Proposed by Hawai'i County*)**
    - Prohibits the capture and sale of aquatic life for commercial aquarium purposes, regardless of method collection.
5. **A Bill For An Act Relating to the Environment (*Proposed by Hawai'i County*)**
    - Requires newly installed or modified individual wastewater systems that are near the shoreline, or likely to pollute groundwater, to include denitrification capacity. Takes effect 7/1/2050.
6. **A Bill For An Act Relating to General Excise Tax (*Proposed by Hawai'i County*)**

- The Legislature hereby finds the need to extend the county surcharge on state general excise and use taxes, which was enacted by Act 247, Session Laws of Hawaii 2005.

7. **A Bill For An Act Relating to Housing (*Proposed by Hawai'i County*)**
   - Requires the Hawaii Housing Finance and Development Corporation (HHFDC) to consider as a preference under 201H, HRS, the proximity between the housing location and the applicant's place of employment; whether the applicant is a state or county employee; and whether the applicant is a returning resident that left the State to attend a university, college or trade school and has graduated within the last two years. Requires, for any project developed or administered by the HHFDC under chapter 201, HRS, the HHFDC to set aside as a matter of preference an undetermined per cent of available units for state and county employees, when feasible. Requires the HHFDC to determine the order of preference and rank applicants accordingly, select applicants based on application date within the pool of similarly ranked applicants, and validate the preference status of applicants before occupancy of a unit. Authorizes HHFDC to adopt rules to establish additional eligibility criteria.
8. **A Bill For An Act Relating to Tobacco Products (*Proposed by Hawai'i County*)**
   - Repeals law that provides that all local ordinances or regulations that regulate the sale of cigarettes, tobacco products, and electronic smoking devices are preempted and that existing local laws and regulations conflicting with the state law on smoking are null and void. Clarifies that counties retain the authority to adopt ordinances that regulate the sale of cigarettes, tobacco products, and electronic smoking devices, as long as the ordinances do not conflict with and are more stringent than the state law on smoking.

<u>Legislative Priorities:</u>

Proposed by the County of Hawai'i

1. Legislation related to herbicide usage on public property;
2. Legislation related to solar system installation on public property and renewable energy generation;
3. Legislation related to the Commission on Water Resource Management, watershed management, riparian areas, and flood control, particularly in areas of intergovernmental authority;
4. Legislation related to mental and behavioral health resources;
5. Legislation related to economic development and diversification, and the administration of the Department of Business, Economic Development and Tourism and the Department of Commerce and Consumer Affairs;

6. Legislation related to wastewater infrastructure, cesspool conversion, and related financing;
7. Legislation related to Act 212, Session Laws of Hawai'i 2025, and the implementation of the safe routes to school programs;
8. Legislation related to increasing funds to emergency preparedness, evacuation routes, notification systems, and community-level emergency planning;
9. Legislation related to responsible game management of wild ungulates; and
10. Legislation related to creating more affordable opportunities for Hawai'i residents.

Proposed by the Hawai'i State Association of Counties

11. Legislation relating to emergency management;
12. Legislation related to broadband internet access service providers to ensure adequate consumer protections and public interest obligation;
13. Legislation relating to Green Fee funding that provides counties with access to Green Fee funding for county projects and priorities;
14. Legislation relating to invasive species.

Your attention to this matter is greatly appreciated. Should you have any questions please contact Nahelani Parsons, hsac@hawaiicounties.org.

Mahalo,

Nahelani Parsons
HSAC Executive Director

EXHIBIT "A"

__.B. NO._____

A BILL FOR AN ACT

RELATING TO CONVEYANCE TAX CERTIFICATES.

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

SECTION 1. The legislature finds that the State is authorized to require disclosure of information necessary to administer real property tax law and protect the public interest in housing markets. According to constituents, the acquisition of real property in Hawaii by limited liability companies has become increasingly prevalent. The legislature further finds that limited liability company ownership structures can obscure the identity of natural persons who ultimately benefit from and control such acquisitions, hindering the ability of state and county agencies to assess the impacts of investor-driven real property purchases on local communities.

The legislature further finds that the conveyance tax certificate process under section 247-6, Hawaii Revised Statutes, requires all parties to a conveyance to disclose their identities and the consideration paid, and that individual purchasers of real property are identified by name and address as a condition of that process. The legislature notes that

limited liability companies derive their existence and powers from state law and may be subject to reasonable conditions.

Accordingly, the purpose of this Act is to close the gap by which limited liability company purchasers may avoid the identification required of individual purchasers and ensure that natural persons behind such entities are identified in the public record.

SECTION 2. Section 247-6, Hawaii Revised Statutes, is amended to read as follows:

"**§247-6 Certificate of conveyance required.** (a) Any party, with the exception of governmental bodies, agencies, or officers, to a document or instrument subject to this chapter, or the party's authorized representative, shall file, in the manner and place which the director of taxation shall prescribe, a certificate of conveyance setting forth the actual and full consideration of the property transferred, including any lien or encumbrance on the property, and any other facts as the director may by rules prescribe. The certificate of conveyance shall be verified by a written declaration thereon that the statements made therein are subject to the penalties in section 231-36. The certificate shall be appended to the document or instrument made subject to this chapter and shall be filed with the

director simultaneously with the aforementioned document or instrument for the imprinting of the required seal or seals.

(b) No certificate is required to be filed for any document or instrument made exempt by section 247-3, except that in the following situations, a certificate shall be filed in the manner and place that the director shall prescribe, within ninety days after the transaction or prior to the recordation or filing of the document or instrument with the registrar of conveyances or the assistant registrar of the land court or after the ninety-day period, recordation, or filing as the director shall prescribe:

(1) For any document or instrument described under section 247-3(3), any party to the document or instrument shall file a certificate declaring that the document or instrument merely confirms or corrects a deed, lease, sublease, assignment, transfer, or conveyance previously recorded or filed.

(2) For any document or instrument described under section 247-3(4), any party to the document or instrument shall file a certificate declaring the amount of the nominal consideration paid and marital or parental relationship of the parties.

(3) For any document or instrument described under section 247-3(5), any party to the document or instrument shall file a certificate declaring the reasons why the consideration is $100 or less.

(4) For any document or instrument described in section 247-3(6), any party to the document or instrument shall file a certificate declaring that the document or instrument is made pursuant to an agreement of sale, and where applicable, an assignment or assignments of agreements of sale.

(5) For any document or instrument described under section 247-3(8), any person made a party to the document or instrument as grantee, assignee, or transferee shall file a certificate declaring the full and actual consideration of the property transferred.

(6) For any document or instrument described under section 247-3(11), any party to the document or instrument shall file a certificate declaring each owner's:

(A) Undivided interest in the real property and the value of that interest before partition; and

(B) Proportionate interest and the value of that interest after partition.

(7) For any document or instrument described under section 247-3(12), any party to the document or instrument shall file a certificate declaring that the document or instrument is made pursuant to an order of the court and containing the court case number.

(8) For any document or instrument described under section 247-3(13), any party to the document or instrument shall file a certificate declaring that the document or instrument conveys real property from a testamentary trust to a trust beneficiary.

(9) For any document or instrument described under section 247-3(14), any party to the document or instrument shall file a certificate declaring that the document or instrument conveys real property from the grantor to a grantor's revocable living trust or from a grantor's revocable living trust to the grantor.

(c) The form of the certificate and the procedure to be followed for the submission of the certificate shall be prescribed by the director.

(d) Notwithstanding the foregoing, where the director deems it impracticable to require the filing of a certificate or certificates or to obtain the signatures of any or all parties

to a certificate or certificates required under this section, the director may, in the director's discretion, waive the requirement of filing the certificate or certificates or of securing the signature of any or all parties to the certificate or certificates.

(e) No document or instrument, on account of which a certificate is required to be filed with the office of the director under this section, shall be accepted for recordation or filing with the registrar of conveyances or the assistant registrar of the land court, unless the certificate has been duly filed.

(f) Within twenty-one business days after the end of each week, or as soon thereafter as possible, the director of taxation shall provide to the administrator of each county's real property assessment division, without charge, an image of all certificates of conveyance that were filed. For each certificate of conveyance, the image shall include the following:

(1) Document number;

(2) Date of the filing;

(3) Name of grantor and grantee;

(4) Tax map key number;

(5) Location of the real property by island; and

(6) Address for real property assessment notice and tax bill.

(g) When the grantee, purchaser, or other transferee in a conveyance of real property is a limited liability company, the certificate of conveyance required under subsection (a) shall not be processed or accepted by the director of taxation unless it includes, as an attached schedule, a completed beneficial ownership disclosure statement meeting the requirements of this subsection.

(1) The beneficial ownership disclosure statement shall identify:

(A) A unique identifying number for the limited liability company, which shall be:

(i) The limited liability company's Hawaii business registration number as issued by the department of commerce and consumer affairs, if the limited company is registered in Hawaii; or

(ii) For a limited liability company not registered in Hawaii, the jurisdiction in which the limited liability company was

formed and the file or registration number assigned to it by that jurisdiction; and

(B) For each natural person who is a beneficial owner of the limited liability company, the person's:

(i) Full legal name;

(ii) Mailing address; and

(iii) Percentage of ownership interest held in the limited liability company.

(2) Where a limited liability company is owned in whole or in part by another business entity, including another limited liability company, corporation, partnership, or trust, the beneficial ownership disclosure statement shall trace each intermediary entity at every tier of ownership until all natural persons who meet the definition of beneficial owner are identified. Disclosure shall not be satisfied by listing another business entity as a beneficial owner; a natural person with a real legal name and mailing address must be identified at every level of the ownership chain.

(3) The beneficial ownership disclosure statement shall be verified by a written declaration that the information

provided in the statement is subject to the penalties in section 231-36.

(4) The director of taxation shall prescribe, by rule adopted pursuant to chapter 91, the form and content of the beneficial ownership disclosure statement, which shall require the information specified in paragraph (1). The director must make the disclosure statement form publicly available on the department of taxation's website.

(5) All information contained in the beneficial ownership disclosure statement shall be a public record available for inspection and copying pursuant to chapter 92F.

(6) Nothing in this subsection shall be construed to require the disclosure of any driver's license number, passport number, or social security number.

(7) Failure to file a complete and accurate disclosure statement as required by this subsection shall be grounds for:

(A) Refusal by the director of taxation to process the certificate of conveyance and imprint the required seal;

(B) Assessment of a civil penalty of not less than $1,000 nor more than $10,000 per violation; and

(C) Rejection of the conveyance instrument by the registrar of conveyances or the assistant registrar of the land court until a compliant disclosure statement has been filed with and accepted by the director of taxation.

(8) Any person who knowingly or wilfully files a false or fraudulent beneficial ownership disclosure statement shall be subject to the penalties provided under section 231-36.

(9) The director of taxation shall transmit a copy of each beneficial ownership disclosure statement to the administrator of the real property assessment division of the county in which the property is located, and to the Hawaii housing finance and development corporation for purposes of monitoring real property market conditions.

(10) This subsection shall not apply to real property acquired pursuant to any program administered by the Hawaii housing finance and development corporation or a county housing agency if the conveyance is subject

to recorded deed restrictions or regulatory agreements ensuring affordable occupancy.

(11) As used in this subsection:

"Beneficial owner" means any natural person who, directly or indirectly:

(A) Owns or controls ten per cent or more of the ownership interest of the limited liability company; or

(B) Exercises substantial control over the limited liability company.

"Substantial control" means the authority, exercised directly or indirectly, to:

(A) Make decisions regarding the acquisition, disposition, or encumbrance of real property held by the limited liability company;

(B) Direct, determine, or materially influence the financial or economic decisions of the limited liability company, including decisions regarding distributions, capital contributions, or the application of proceeds from a conveyance; or

(C) Appoint, remove, or replace a manager or managing member of the limited liability company,

including any person serving as a manager or managing member, regardless of the title held."

SECTION 3. The director of taxation shall adopt rules pursuant to chapter 91, Hawaii Revised Statutes, as necessary to implement this Act before its effective date.

SECTION 4. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect one year after its approval.

EXHIBIT "A"

__.B. NO._____

A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

SECTION 1. The legislature finds that for many Hawaii families, companion animals are beloved members of the household and contribute significantly to residents' emotional and physical well-being. Yet, many renters, especially those in affordable or publicly funded housing, are unable to find housing that permits pets, forcing some to surrender or abandon animals when they move. National and local shelter data show that a lack of pet-inclusive housing is among the leading reasons that animals are relinquished to shelters, imposing severe stress on families and communities. The legislature further finds that these restrictions disproportionately affect low-income households, limiting how they can define their families and reducing overall housing stability.

The legislature also recognizes the valid concerns of housing providers and property managers regarding property damage, liability, and tenant safety. Arbitrary restrictions based purely on an animal's weight or breed do not accurately

predict behavior and effectively lock responsible pet owners out of affordable housing. Conversely, a lack of clear enforcement mechanisms permits bad actors to degrade the quality of life for neighboring residents.

This Act's purpose is to establish a framework for pet-inclusive affordable rental housing. This framework enables responsible pet owners, establishes robust behavioral accountability metrics to filter out bad actors, and implements a grandfathering mechanism with immediate retroactive behavioral triggers to secure existing properties without violating established lease contracts.

SECTION 2. Chapter 201H, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:

"**§201H- Pet-inclusive affordable rental housing; behavioral accountability standards; grandfathering.** (a) For any rental housing development project that receives financing or any financial assistance from the corporation after June 30, 2026, the corporation must require that the housing development's lease or occupancy agreement authorize a resident of a dwelling unit to own or otherwise maintain common household

pets within the resident's dwelling unit; provided that the resident complies with:

(1) All applicable state laws and county ordinances relating to public health, animal control, and animal anti-cruelty; and

(2) Any reasonable conditions established under subsection (e).

(b) No monthly pet fee or pet rent must be imposed on a tenant for the ownership or maintenance of a common household pet in a housing development subject to this section. Nothing in this section will prohibit a landlord from collecting a refundable security deposit for pet-related damages, in accordance with section 521-44; provided that the deposit must not exceed an amount equal to one month's rent.

(c) This section must not be construed to limit or otherwise affect any federal or state law requiring reasonable accommodations for an individual with a disability who maintains an assistance animal, service animal, or emotional support animal.

(d) Nothing in this section must alter or affect the rights or duties of a landlord with respect to preventing harm

or damage to third parties caused by a resident's common household pet.

(e) Housing providers may establish reasonable conditions within a lease or occupancy agreement to govern pet ownership. Reasonable conditions must emphasize individual animal behavior and owner accountability, and include the following parameters:

(1) Property management may require an objective pet history review, which may include written references from previous landlords or veterinarians verifying the animal's behavior, vaccination status, and history of property damage;

(2) Tenants must register pets annually with management, providing proof of valid county dog licensing and current rabies and core immunizations;

(3) At the time of annual registration, the tenant must designate an off-site emergency pet caretaker authorized to take custody of the animal if the tenant becomes incapacitated, unavailable, or leaves the animal unattended in violation of house rules;

(4) Housing providers may require pet owners to maintain a standard renter's insurance policy that includes

personal liability coverage for pet damage or animal bites in an amount not less than $100,000; and

(5) Limitations on the maximum number of animals allowed in a dwelling unit may be enforced based strictly on the unit's square footage and layout, up to a maximum of two pets per unit.

(f) For the purposes of this section, "reasonable conditions" must not include a prohibition on a specific breed of common household pet or a limitation based solely on the weight or size of the animal.

(g) To preserve the peace and safety of the housing development, a housing provider may enforce a behavioral nuisance policy:

(1) For purposes of this subsection, "behavioral nuisance" includes but is not limited to: repeated off-leash violations in common areas; unprovoked aggression, lunging, or snapping at residents, staff, or other animals; failure to immediately dispose of pet waste; or continuous barking or noise disruptions lasting longer than ten minutes;

(2) On the first documented behavioral nuisance or lease rule violation, management must issue a formal written

warning to the tenant, which may include a reasonable administrative fine not to exceed $50;

(3) Upon a second documented behavioral nuisance or rule violation within any consecutive twelve-month period, the housing provider may issue a formal notice revoking the pet's approval. Upon receipt of written revocation, the tenant must permanently remove the animal from the premises within thirty calendar days. Failure to remove the animal within thirty calendar days will constitute a material breach of the lease agreement; and

(4) Nothing in this subsection must prevent a housing provider from taking immediate legal action to remove a vicious or dangerous animal that causes bodily injury to a person or property under part III of chapter 711 or section 356D- .

(h) Applicability to existing tenancies, grandfathering, and retroactive behavioral triggers will be applied as follows:

(1) Any common household pet lawfully residing in an affordable rental housing unit prior to July 1, 2026, must be permitted to remain in the unit for the duration of the pet's natural life, notwithstanding

any unit occupancy limits established under subsection (e)(5). This exemption is specific to the individual animal and will not apply to replacement pets;

(2) Existing tenants with pre-existing pets must comply with the registration requirements in subsection (e)(2) and submit an emergency caretaker form under subsection (e)(3) within ninety calendar days of the effective date of this Act. Failure to register an existing pet within this window will forfeit grandfathered status; and

(3) All grandfathered pets and their owners will be immediately subject to the retroactive enforcement of the behavioral standards, leash rules, and the revocation framework outlined in subsection (g). Documented nuisance behavior or public health hazards from a grandfathered pet will constitute immediate grounds for the revocation of grandfathered status and the removal of the animal.

(i) The corporation may adopt rules pursuant to chapter 91 to implement this section, including model lease language, pet screening frameworks, and compliance monitoring procedures.

(j) As used in this section, "common household pet" means a domesticated animal, including but not limited to a dog or a cat, that is commonly kept in the home for companionship rather than for commercial purposes."

SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY: _____

EXHIBIT "A"

__.B. NO._____

A BILL FOR AN ACT

RELATING TO RESIDENTIAL PROPERTY.

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

SECTION 1. The legislature finds that the county of Maui, and particularly the community of Lahaina, has experienced unprecedented housing challenges exacerbated by rampant speculation, commodification of residential real estate, and rapid acquisition of housing stock by institutional investors. These market pressures systematically price out local families, essential workers, and cultural practitioners, accelerating displacement and threatening the long-term recovery and cultural continuity of these communities. The legislature further finds that while the federal government and states like California have enacted "first-look" programs to give owner-occupants a priority window to purchase foreclosed properties, Hawaii requires a broader, more systemic solution. Applying a "first-look" priority window to individual single-family residential resales will level the playing field for buyers intending to reside in the community. The legislature clarifies that this Act is not intended to stifle or discriminate against out-of-state buyers who wish to move to Hawaii and integrate into our

communities as residents. Rather, its sole intent is to prioritize actual, physical owner-occupants—regardless of origin—over corporate, speculative, and institutional investors who treat Hawaii's limited housing stock purely as financial assets. The purpose of this Act is to amend title 28 of the Hawaii Revised Statutes to establish a sixty-day to ninety-day "first-look" purchasing window for all single-family residential resales, while empowering community land trusts to preserve community integrity through targeted housing allocations.

SECTION 2. Title 28, Hawaii Revised Statutes, is amended by adding a new chapter to be appropriately designated and to read as follows:

"CHAPTER [ ] RESIDENTIAL PROPERTY FIRST-LOOK

§ **-1 Definitions.** As used in this chapter, unless the context otherwise requires:

"Commercial investor" means any corporation, partnership, limited liability company, real estate investment trust, or individual that acquires residential real property for a purpose other than utilizing it as the purchaser's principal residence.

"Community land trust" means a nonprofit, community-governed organization operating within the State that

acquires and holds land in trust for the primary purpose of providing permanent affordable housing and community benefit.

"County housing agency" means the respective housing department or agency of each individual county.

"Critical community occupation" means a profession or field of employment vital to the health, education, restoration, recovery, safety, or daily operations of a local community, including:

(1) Archaeologists or cultural monitors;

(2) Educators;

(3) Farmers or ranchers;

(4) Watershed restoration workers;

(5) Fire and disaster recovery personnel, including disaster case managers and rebuild navigators;

(6) First responders;

(7) Healthcare workers;

(8) Public servants employed by the State or respective county; and

(9) Employees of nonprofit organizations.

"Native Hawaiian traditional and customary practitioner" means an individual who engages in traditional or cultural

practices protected under article XII, section 7, of the constitution of the State of Hawaii, which have been customarily and traditionally exercised for subsistence, cultural, or religious purposes and were established in practice as of November 25, 1892.

"Owner-occupant" means any natural person who:

(1) Delivers an executed affidavit declaring the individual's intent to occupy the residential property as the individual's principal residence for a minimum of three hundred sixty-five consecutive days immediately following the closing of escrow; and

(2) Does not own any other residential real property within the State at the time of executing the sales agreement.

"Residential property" means a single-family detached dwelling intended for residential use.

§ -2 **Owner-occupant exclusive purchasing window.** (a) Upon listing any single-family residential property for resale within the State, the seller must provide an exclusive purchasing window of not less than sixty days, which a county may extend up to ninety days via county ordinance based on localized housing distress metrics.

(b) During this exclusive purchasing window, the seller may only accept, negotiate, or open escrow on offers submitted by:

(1) Verified owner-occupants;

(2) Community land trusts operating within the State; or

(3) Nonprofit housing organizations dedicated to affordable housing development.

(c) No seller or real estate licensee may accept an offer from, or enter into an agreement with, a commercial investor until the expiration of the exclusive purchasing window defined in subsection (a).

§ -3 **Affidavit and verification; enforcement.** (a) To qualify as an eligible purchaser during the exclusive window, the buyer must submit an owner-occupant affidavit, on a form prescribed by the department of commerce and consumer affairs, alongside the buyer's written offer.

(b) Any individual who executes an affidavit under this section and subsequently fails to occupy the residential property as the individual's principal residence for at least three hundred sixty-five consecutive days may be subject to a civil penalty equal to twenty per cent of the

market value of the property at the time of purchase, to be recovered by the county housing agency in the county where the property is located. Penalties collected must be deposited into the respective county's affordable housing fund.

(c) Any sale of residential property executed in intentional violation of the exclusive purchasing window required by section -2 may be voidable at the option of the county housing agency within one year of the transfer of title.

§ **-4 Community land trust priority designations.** (a) A community land trust or county housing agency utilizing this chapter to acquire or develop residential properties may designate a portion of those homes as reserved housing or establish priority purchasing lotteries for households where at least one member is:

(1) Engaged in a critical community occupation; or

(2) A verified Native Hawaiian traditional and customary practitioner.

(b) Any community land trust or county housing agency establishing reservations under this section must develop clear guidelines to ensure that all information collected

for eligibility is truthful, accurate, and verifiable. Acceptable verification methods may include professional documentation, employment records, and community testimonials.

(c) The community land trust or county housing agency must establish and publish a formal administrative appeals process to address any disputes arising from eligibility determinations.

§ **-5 Exemptions.** This chapter does not apply to:

(1) Transfers between co-owners, spouses, or to a parent, child, or sibling;

(2) Transfers pursuant to a court order, including probate administration, divorce decrees, or bankruptcy;

(3) Foreclosure sales or deeds in lieu of foreclosure that are already governed by state or federal first-look mandates; and

(4) Properties explicitly deed-restricted for affordable housing under county or state programs.

§ **-6 Rules.** The department of commerce and consumer affairs, in consultation with the respective county housing agencies, must adopt rules pursuant to

chapter 91 necessary to effectuate the purposes of this chapter."

SECTION 3. This Act shall take effect upon its approval.

INTRODUCED BY:_____

THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 2535

JAN 23 2026

A BILL FOR AN ACT

RELATING TO COMMERCIAL AQUARIUM COLLECTION.

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

SECTION 1. The legislature finds that the capture and sale of Hawaii's native reef wildlife for ornamental display and commercial profit is unsustainable and contrary to Hawaiian values, including malama aina, aloha aina, kuleana for the surrounding environment, and pono fishing practices, such as taking only what is needed for family or community subsistence.

The legislature further finds that the 1953 territorial legislature, in enacting legislation to permit commercial aquarium fish collection using fine-meshed nets, currently codified in section 188-31, Hawaii Revised Statutes, ignored, disregarded, and effectively nullified the many traditional uses of Hawaiian reef fish by falsely stating that fish taken for aquarium display have "little or no value as food fish," and that "the species of fish for aquarium purposes is not edible".

The legislature recognizes that many species of fish targeted by aquarium collection, including lauipala (yellow tang) and kole (goldring surgeonfish), have in fact been used

EXHIBIT A-4

for subsistence and cultural purposes and have been critical to maintaining healthy reef ecosystems to support these purposes since time immemorial, up to and including the present day.

The legislature also finds that climate change and associated ecological shifts require the State to keep as many native fish on the reef as possible. Abundant populations of herbivorous reef wildlife can bolster reef resiliency against the effects of climate change by consuming algae that bloom and can smother reefs following ocean heat waves or changes in ocean acidity. Reefs provide vital ecosystem benefits, reducing the impact of extreme weather events and high surf by moderating onshore erosion, protecting human infrastructure, and mitigating harm to flora and fauna. Moreover, on-reef tourism activities, including snorkeling and diving, are a vital part of Hawaii's nature-based tourism economy, which is driven by healthy and vibrant ecosystems.

The legislature notes that in 1988, the State prohibited the taking of sand, dead coral or coral rubble, rocks, soil, and other marine deposits. Extending these prohibitions to encompass the commercial collection and sale of reef wildlife for the aquarium pet trade is now necessary to protect and

conserve Hawaii's invaluable natural resources for present and future generations, including traditional Native Hawaiian cultural practices that depend on them. The legislature further notes that these obligations and protections are enshrined in article XI, sections 1 and 9, and article XII, section 7 of the Constitution of the State of Hawaii.

Accordingly, the purpose of this Act is to prohibit the capture and sale of aquatic life for commercial aquarium purposes, regardless of the method of collection.

SECTION 2. Chapter 188, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"**§188- Harvesting aquatic life for commercial aquarium purposes; prohibition.** (a) No person shall harvest aquatic life from state marine waters for commercial aquarium purposes.

(b) Nothing in this section shall be construed to:

(1) Affect:

(A) Captive-breeding and aquaculture activities pursuant to section 187A-3.5; or

(B) The issuance of special activity permits authorizing the capture and take of aquatic life

for scientific, educational, management, or propagation purposes pursuant to section 187A-6; or

(2) Prohibit the:

(A) Exercise of traditional and customary practices;

(B) Lawful taking of fish for consumption or bait; or

(C) Lawful management or taking of aquatic life from fishponds.

(c) As used in this section:

"Commercial aquarium purpose" means the taking of marine life for profit, gain, or as a means of livelihood for sale into the aquarium trade to be held in a state of captivity as a pet or for ornamental display."

SECTION 3. Section 188-22.9, Hawaii Revised Statutes, is amended to read as follows:

"[~~§~~]§188-22.9[~~]~~] **Ha`ena community-based subsistence fishing area; restrictions; regulations.** (a) There is designated the Ha`ena community-based subsistence fishing area on the northwestern coast of Kauai, which shall consist of all state waters and submerged lands bounded by:

(1) The shoreline of the Ha`ena district;

(2) A line that follows an imaginary extension of the boundary between Hae`na state park and Na Pali state park that extends seaward for one mile from the shoreline;

(3) An irregular line one mile offshore that is parallel to the contours of the shoreline; and

(4) A line that follows an imaginary extension of the boundary between Hae`na and Wainiha, as specified in the tax map of the county of Kauai, that extends seaward for one mile from the shoreline.

(b) In addition to the provisions of this chapter, the following uses or activities shall be regulated in the Ha`ena community-based subsistence fishing area:

(1) Any activities with a commercial purpose, as defined in section 187A-1;

(2) The issuance of any commercial marine license, as defined in section 187A-1;

[~~(3) The issuance of any aquarium fish permits, pursuant to section 188-31;~~]

(4) Fishing with the use of gill nets;

(5) Fishing with self-contained underwater breathing apparatus and spears; and

(6) Any other use or activity that the department of land and natural resources, in consultation with the inhabitants of the ahupua`a of Ha`ena and other interested parties, deems appropriate.

(c) The department of land and natural resources, as soon as practical, shall consult with as broad a base as possible, group of inhabitants of the ahupua`a of Ha`ena and other interested parties to establish rules for the Ha`ena community-based subsistence fishing area, to include but not be limited to:

(1) A determination of fishing practices that are customarily and traditionally exercised for purposes of native Hawaiian subsistence, culture, and religion in the fishing area;

(2) A management plan recognizing existing marine activities permitted by the department of land and natural resources and containing a description of specific activities to be conducted in the fishing

area, including evaluation and monitoring processes and methods of funding and enforcement;

(3) Limits on the harvest of aquatic life, as those terms are defined in section 187A-1, in the fishing area;

(4) The establishment of no harvesting zones within the fishing area without depriving ahupua`a inhabitants of access to traditional sources of subsistence; and

(5) A process for the expansion of the fishing area to include other ahupua`a.

The department of land and natural resources shall adopt rules pursuant to chapter 91 necessary for the purpose of this section."

SECTION 4. Section 189-11, Hawaii Revised Statutes, is amended to read as follows:

"**§189-11 Receipts in duplicate.** Every commercial marine dealer shall issue receipts to the person from whom marine life is obtained and shall provide the following information in the receipt:

(1) The date of the issuance;

(2) The name of the person to whom the receipt is issued;

(3) The following information with respect to each of the varieties of marine life as the department shall require including:

(A) The weight in pounds of each of the varieties received;

(B) The numbers of marine life when they average a pound or more; and

(C) The price per pound paid; and

[~~(D) With regard to aquarium fish, regardless of weight, the number and species of the fishes; and~~]

(4) The signature of the dealer who issues the receipt.

Any dealer taking the dealer's own marine life or handling any marine life taken by commercial marine licensees working for or with the dealer, shall make out the same receipt, giving market price for the marine life as prevails on the date of receipt. A duplicate copy of this receipt shall be kept on file at the premise where the marine life was sold by the dealer issuing the same for a period of twelve months from the date of issuance, and the duplicate copy shall be available for inspection upon

the demand of any conservation officer authorized to enforce the laws of the State."

SECTION 5. Section 188-31, Hawaii Revised Statutes, is repealed.

~~["§188-31 Permits to take aquatic life for aquarium purposes. (a) Except as prohibited by law, the department, upon receipt of a written application, may issue an aquarium fish permit, not longer than one year in duration, to use fine meshed traps, or fine meshed nets other than throw nets, for the taking of marine or freshwater nongame fish and other aquatic life for aquarium purposes.~~

~~(b) Except as prohibited by law, the permits shall be issued only to persons who can satisfy the department that they possess facilities to and can maintain fish and other aquatic life alive and in reasonable health.~~

~~(c) It shall be illegal to sell or offer for sale any fish and other aquatic life taken under an aquarium fish permit unless those fish and other aquatic life are sold alive for aquarium purposes.~~

~~The department may adopt rules pursuant to chapter 91 for the purpose of this section.~~

~~(d) For the purposes of this section:~~

~~(1) "Aquarium purposes" means to hold salt water fish, freshwater nongame fish, or other aquatic life alive in a state of captivity as pets, for scientific study, or for public exhibition or display, or for sale for these purposes; and~~

~~(2) "Aquarium fish permit" means a permit issued by the board for the use of fine mesh nets and traps to take salt water fish, freshwater nongame fish, or other aquatic life for aquarium purposes.~~"]

SECTION 6. Section 188-31.5, Hawaii Revised Statutes, is repealed.

["~~[§188-31.5] Aquarium fish for export; monthly count. The department of land and natural resources shall adopt rules in accordance with chapter 91 to monitor the aquarium fish catch report and fish dealer's report for export of aquarium fish taken from the waters of the State for aquarium purposes pursuant to section 188-31. A monthly count of the quantities taken of each individual species of aquarium fish exported shall be reported to the board.~~"]

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SECTION 7. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 8. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 9. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 10. This Act shall take effect upon its approval.

INTRODUCED BY: _____
By Request

S.B. NO. 2535

Report Title:
Office of Hawaiian Affairs Package; DLNR; BLNR; Aquatic Resources; Fishing Regulations; Commercial Aquarium Collection; Sustainability; Prohibition

Description:
Prohibits the capture and sale of aquatic life for commercial aquarium purposes, regardless of the method of collection.

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

.B. NO.

A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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

SECTION 1. The legislature finds that protecting the State's nearshore waters is important for ecosystem resilience and public health. Clean nearshore waters, free of pollutants, help support the coral reef systems that are critical to Hawaii's fisheries. A 2023 study published in the scientific journal Nature found that coral reefs that are protected from land-based pollutants, especially wastewater pollutants, are better able to recover from ocean warming events.

Accordingly, the purpose of this Act is to require newly installed or modified individual wastewater systems that are near the shoreline, or likely to pollute groundwater, to include denitrification capacity.

SECTION 2. Chapter 342D, Hawaii Revised Statutes, is amended by adding a new section to part III to be appropriately designated and to read as follows:

"§342D- Individual wastewater systems; denitrification capacity. (a) Each individual wastewater system that is newly installed or modified shall have denitrification capacity if:

(1) The wastewater system is located two hundred feet or less from a shoreline; or

(2) The wastewater system is located at or below one thousand five hundred feet above sea level and:

(A) The substrate is less than five thousand years old; and

(B) The soil has low nutrient holding capacity, low shrink and swell characteristics, and very fast water permeability, based on the Hawaii soil atlas.

(b) For the purposes of this section, "denitrification capacity" means being certified to meet the guidelines of the National Sanitation Foundation/American National Standards Institute standard 245 for on-site residential wastewater treatment."

SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 2050.

.B. NO.

Report Title:
Environment; Individual Wastewater Systems; Nearshore Waters; Denitrification Capacity

Description:
Requires newly installed or modified individual wastewater systems that are near the shoreline, or likely to pollute groundwater, to include denitrification capacity. Takes effect 7/1/2050.

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

REVISED:
1ST DRAFT DATE:

___.B. NO._____

A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX.

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

SECTION 1. The Legislature hereby finds the need to extend the county surcharge on state general excise and use taxes, which was enacted by Act 247, Session Laws of Hawaii 2005 (Surcharge).

SECTION 2. Section 46-16.8, Hawaii Revised Statutes, is amended to read as follows:

"**§46-16.8 County surcharge on state tax.** (a) Each county may establish a surcharge on state tax at the rates enumerated in sections 237-8.6 and 238-2.6. A county electing to establish this surcharge shall do so by ordinance; provided that:

(1) No ordinance shall be adopted until the county has conducted a public hearing on the proposed ordinance;

(2) The ordinance shall be adopted before December 31, 2005; and

(3) No county surcharge on state tax that may be authorized under this subsection shall be levied before January

1, 2007, or after December 31, 2022, unless extended pursuant to subsection (b).

Notice of the public hearing required under paragraph (1) shall be published in a newspaper of general circulation within the county at least twice within a period of thirty days immediately preceding the date of the hearing.

A county electing to exercise the authority granted under this subsection shall notify the director of taxation within ten days after the county has adopted a surcharge on state tax ordinance and, beginning no earlier than January 1, 2007, the director of taxation shall levy, assess, collect, and otherwise administer the county surcharge on state tax.

(b) Each county that has established a surcharge on state tax before July 1, 2015, under authority of subsection (a) may extend the surcharge until December 31, [~~2030~~]2045, at the same rates. A county electing to extend this surcharge shall do so by ordinance; provided that:

(1) No ordinance shall be adopted until the county has conducted a public hearing on the proposed ordinance; and

(2) The ordinance shall be adopted before January 1, [~~2018~~]2028.

A county electing to exercise the authority granted under this subsection shall notify the director of taxation within ten days after the county has adopted an ordinance extending the surcharge on state tax. The director of taxation shall levy, assess, collect, and otherwise administer the extended surcharge on state tax.

(c) Each county that has not established a surcharge pursuant to subsection (a) on state tax before July 1, 2015, may establish the surcharge at the rates enumerated in sections 237-8.6 and 238-2.6. A county electing to establish this surcharge shall do so by ordinance; provided that:

(1) No ordinance shall be adopted until the county has conducted a public hearing on the proposed ordinance;

(2) The ordinance shall be adopted before December 31, 2023; and

(3) No county surcharge on state tax that may be authorized under this subsection shall be levied before January 1, 2019, or after December 31, [~~2030~~]2045.

A county electing to exercise the authority granted under this subsection shall notify the director of taxation within ten days after the county has adopted a surcharge on state tax ordinance. Beginning on January 1, 2019, January 1,

2020, January 1, 2024, or January 1, 2025, as applicable pursuant to sections 237-8.6 and 238-2.6, the director of taxation shall levy, assess, collect, and otherwise administer the county surcharge on state tax.

(d) Each county that has established a surcharge on state tax before March 31, 2019, under subsection (a) or (c) may amend the surcharge ordinance to change the authorized uses of surcharge revenues, pursuant to subsection (g); provided that:

(1) No ordinance shall be amended pursuant to this section until the county has conducted a public hearing on the proposed amendment; and

(2) The ordinance shall be amended before December 31, 2023.

(e) Notice of the public hearing required under subsection (b), (c), or (d), before adoption or amendment of an ordinance establishing or extending the surcharge on state tax shall be published in a newspaper of general circulation within the county at least twice within a period of thirty days immediately preceding the date of the hearing.

(f) Each county with a population greater than five hundred thousand that adopts or extends a county surcharge on state tax ordinance pursuant to subsection (a) or (b) shall use

the surcharge revenues received from the State for capital costs of a locally preferred alternative for a mass transit project; provided that revenues derived from the county surcharge on state tax shall not be used:

(1) To build or repair public roads or highways, bicycle paths, or support public transportation systems already in existence before July 12, 2005;

(2) For operating costs or maintenance costs of the mass transit project or any purpose not consistent with this subsection; or

(3) For administrative or operating, marketing, or maintenance costs, including personnel costs, of a rapid transportation authority charged with the responsibility for constructing, operating, or maintaining the mass transit project; provided further that nothing in this section shall be construed to prohibit a county from using county funds that are not derived from a surcharge on state tax for a purpose described in paragraph (2) or (3).

(g) Each county having a population equal to or less than five hundred thousand that adopts a county surcharge on state tax ordinance pursuant to this section shall use the surcharges received from the State for:

(1) Operating or capital costs of public transportation within each county for public transportation systems, including:

(A) Public roadways or highways;

(B) Public buses;

(C) Trains;

(D) Ferries;

(E) Pedestrian paths or sidewalks; or

(F) Bicycle paths;

(2) Expenses in complying with the Americans with Disabilities Act of 1990 with respect to paragraph (1); and

(3) Housing infrastructure; provided that a county that uses surcharge revenues for housing infrastructure shall not pass on those housing infrastructure costs to the developer of a housing project[~~; provided further that this paragraph shall apply only if a county amended its surcharge ordinance pursuant to subsection (d) or adopts a county surcharge on state tax ordinance after December 31, 2022; provided that each county having a population equal to or less than five hundred thousand that adopts a county surcharge on state tax ordinance pursuant to this section after December 31, 2022, shall use the surcharge~~

~~revenues received from the State only for the purposes described in paragraph (3)~~].

(h) As used in this section:

"Capital costs" means nonrecurring costs required to construct a transit facility or system, including debt service, costs of land acquisition and development, acquiring of rights-of-way, planning, design, and construction, and including equipping and furnishing the facility or system. For a county with a population greater than five hundred thousand, capital costs also include non-recurring personal services and other overhead costs that are not intended to continue after completion of construction of the minimum operable segment of the locally preferred alternative for a mass transit project.

"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."

SECTION 3. Section 237-8.6, Hawaii Revised Statutes, is amended to read as follows:

§237-8.6 County surcharge on state tax; administration. (a) The county surcharge on state tax, upon the

adoption of county ordinances and in accordance with the requirements of section 46-16.8, shall be levied, assessed, and collected as provided in this section on all gross proceeds and gross income taxable under this chapter. No county shall set the surcharge on state tax at a rate greater than one-half per cent of all gross proceeds and gross income taxable under this chapter. All provisions of this chapter shall apply to the county surcharge on state tax. With respect to the surcharge, the director of taxation shall have all the rights and powers provided under this chapter. In addition, the director of taxation shall have the exclusive rights and power to determine the county or counties in which a person is engaged in business and, in the case of a person engaged in business in more than one county, the director shall determine, through apportionment or other means, that portion of the surcharge on state tax attributable to business conducted in each county.

(b) Each county surcharge on state tax that may be adopted, extended, or amended pursuant to section 46-16.8 shall be levied beginning in a taxable year after the adoption of the relevant county ordinance; provided that no surcharge on state tax may be levied:

(1) Before:

(A) January 1, 2007, if the county surcharge on state tax was established by an ordinance adopted before December 31, 2005;

(B) January 1, 2019, if the county surcharge on state tax was established by the adoption of an ordinance after June 30, 2015, but before June 30, 2018;

(C) January 1, 2020, if the county surcharge on state tax was established by the adoption of an ordinance on or after June 30, 2018, but before March 31, 2019;

(D) January 1, 2024, if the county surcharge on state tax was established by the adoption of an ordinance on or after March 31, 2019, but before August 1, 2023; or

(E) January 1, 2025, if the county surcharge on state tax was established by the adoption of an ordinance on or after August 1, 2023, but before December 31, 2023; and

(2) After December 31, [~~2030~~]2045.

(c) The county surcharge on state tax, if adopted, shall be imposed on the gross proceeds or gross income of all written contracts that require the passing on of the taxes imposed under this chapter; provided that if the gross proceeds or gross income are received as payments beginning in the taxable year in which the taxes become effective, on contracts

entered into before June 30 of the year prior to the taxable year in which the taxes become effective, and the written contracts do not provide for the passing on of increased rates of taxes, the county surcharge on state tax shall not be imposed on the gross proceeds or gross income covered under the written contracts. The county surcharge on state tax shall be imposed on the gross proceeds or gross income from all contracts entered into on or after June 30 of the year prior to the taxable year in which the taxes become effective, regardless of whether the contract allows for the passing on of any tax or any tax increases.

(d) No county surcharge on state tax shall be established on any:

(1) Gross income or gross proceeds taxable under this chapter at the one-half per cent tax rate;

(2) Gross income or gross proceeds taxable under this chapter at the 0.15 per cent tax rate; or

(3) Transactions, amounts, persons, gross income, or gross proceeds exempt from tax under this chapter.

(e) The director of taxation shall revise the general excise tax forms to provide for the clear and separate

designation of the imposition and payment of the county surcharge on state tax.

(f) The taxpayer shall designate the taxation district to which the county surcharge on state tax is assigned in accordance with rules adopted by the director of taxation under chapter 91. The taxpayer shall file a schedule with the taxpayer's periodic and annual general excise tax returns summarizing the amount of taxes assigned to each taxation district.

(g) The penalties provided by section 231-39 for failure to file a tax return shall be imposed on the amount of surcharge due on the return being filed for the failure to file the schedule required to accompany the return. In addition, there shall be added to the tax an amount equal to ten per cent of the amount of the surcharge and tax due on the return being filed for the failure to file the schedule or the failure to correctly report the assignment of the general excise tax by taxation district on the schedule required under this subsection.

(h) All taxpayers who file on a fiscal year basis whose fiscal year ends after December 31 of the year prior to the taxable year in which the taxes become effective, shall file

a short period annual return for the period preceding January 1 of the taxable year in which the taxes become effective. Each fiscal year taxpayer shall also file a short period annual return for the period starting on January 1 of the taxable year in which the taxes become effective, and ending before January 1 of the following year.

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

SECTION 5. This Act shall take effect upon its approval.

INTRODUCED BY: _____

BY REQUEST

__.B. NO._____

Report Title:
[**Click** here and type **Report Title** *(1 line limit)*]

Description:
[**Click** here and type **Description** *(5 line limit)*]

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

THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

S.B. NO.

A BILL FOR AN ACT

RELATING TO HOUSING.

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

SECTION 1. Section 201H-31, Hawaii Revised Statutes, is amended to read as follows:

"**[~~§~~]§201H-31[~~§~~] Criteria.** (a) In administering this chapter and other laws of the State applicable to the supplying of housing or the assistance in obtaining housing, the corporation shall give preference to those applicants most in need of assistance in obtaining housing, in light of the amount of moneys available for the various programs. In doing so, the corporation shall take into consideration the applicant's household income and number of dependents; the age of the applicant; the physical disabilities of the applicant or those living with the applicant; whether or not the present housing of the applicant is below standard; whether or not the applicant's need for housing has arisen by reason of displacement of the applicant by governmental actions; the proximity between the housing location and the applicant's place of employment; whether the applicant is a state or county employee; whether the

EXHIBIT A-7

applicant is a returning resident that left the State to attend a university, college, or trade school and has graduated within the past two years; and other factors as it may deem pertinent. The corporation may allow households with incomes up to twenty per cent greater than the income on which the maximum sales price was based to be qualified to purchase a unit.

(b) For any project developed or administered by the corporation under this chapter, the corporation shall, when feasible, set aside as a matter of preference no fewer than per cent of the available units for state or county employees.

(c) The corporation shall:

(1) Determine the order of preferences as outlined in this section and rank all applicants accordingly;

(2) Select applicants based on application date within the pool of similarly ranked applicants; and

(3) Validate the preference status of an applicant before occupancy of an affordable unit.

(d) The corporation may establish additional eligibility criteria in administrative rules adopted pursuant to chapter 91."

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

INTRODUCED BY: _____

S.B. NO.

Report Title:
HHFDC; Housing Development Programs; Criteria; Preferences; Ranking; Housing Location Proximity; State and County Employees; Returning Resident Graduates; Reserved Units; Rules

Description:
Requires the Hawaii Housing Finance and Development Corporation (HHFDC) to consider as a preference under chapter 201H, HRS, the proximity between the housing location and the applicant's place of employment; whether the applicant is a state or county employee; and whether the applicant is a returning resident that left the State to attend a university, college, or trade school and has graduated within the past two years. Requires, for any project developed or administered by the HHFDC under chapter 201, HRS, the HHFDC to set aside as a matter of preference an undetermined per cent of available units for state or county employees, when feasible. Requires HHFDC to determine the order of preferences and rank applicants accordingly, select applicants based on application date within the pool of similarly ranked applicants, and validate the preference status of applicants before occupancy of a unit. Authorizes HHFDC to adopt rules to establish additional eligibility criteria.

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

___.B. NO.____

A BILL FOR AN ACT

RELATING TO TOBACCO PRODUCTS.

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

SECTION 1. The legislature finds that tobacco use remains the leading cause of preventable death in the United States, including Hawaii. The legislature further finds that there has been a precipitous increase in recent consumer sales of electronic smoking devices, sometimes called "vapes" or "e-cigarettes," which contain significantly higher levels of nicotine per inhalation compared to conventional cigarettes. These devices have been linked to severe lung disease, potential harm to brain development, and acute nicotine poisoning.

The legislature finds that counties are uniquely positioned to quickly address the health habits of their communities, such as youth vaping, and have been utilizing that ability to great success. Historically, Hawaii has passed forward-thinking legislation to address the high usage of tobacco products. These policies were first adopted at the county level to quickly

EXHIBIT A-8

address the counties' need to protect their communities from the relentless promotional targeting by tobacco companies. Regulations to raise the minimum age for the purchase of tobacco products to twenty-one years of age was first passed in the county of Hawaii, followed by other counties, and finally by the State to create uniformity. Likewise, laws that prohibit smoking in certain locations, as well as in motor vehicles when a keiki is present, were also initially adopted at the county level before the State took action.

The legislature acknowledges that section 328J-11.5(a), Hawaii Revised Statutes, provides that "[s]ales of cigarettes, tobacco products, and electronic smoking devices are a statewide concern" and that it is "the intent of the legislature to regulate the sale of cigarettes, tobacco products, and electronic smoking devices in a uniform and exclusive manner." Section 328J-11.5(b), Hawaii Revised Statues, preempts "[a]ll local ordinances or regulations that regulate the sale of cigarettes, tobacco products, and electronic smoking devices" and voids "existing local laws and regulations conflicting with" chapter 328J, Hawaii Revised Statutes, which is the State law that regulates smoking. The tobacco industry has historically

used preemption as a tactic to prevent local governments from adopting stronger tobacco control measures, thereby protecting its interests at the expense of public health.

Section 328J-11.5(c), Hawaii Revised Statutes, carves out an exception to the exclusivity of state regulations by setting forth that nothing in chapter 328J, Hawaii Revised Statutes, "shall be construed to limit a county's authority" to adopt ordinances; provided that the ordinance is more stringent than state law. The legislature acknowledges that the language in section 328J-11.5, Hawaii Revised Statutes, read together with section 328J-15, Hawaii Revised Statutes, may create an ambiguity in the effectiveness of county ordinances that are not in conflict with chapter 328J, Hawaii Revised Statutes, and the authority given to the counties in adopting ordinances that regulate the sale of cigarettes, tobacco products, and electronic smoking devices in their communities.

The legislature finds that an adaptive regulation system is needed to address the multibillion-dollar marketing campaigns of tobacco companies focused on our youth. All levels of government, including counties, need to collaborate to quickly address the tobacco companies' predatory practices through the

implementation of reasonable restrictions on the sale of and access to these addictive products.

Accordingly, the purpose of this Act is to:

(1) Repeal existing law that provides that all local ordinances or regulations that regulate the sale of cigarettes, tobacco products, and electronic smoking devices are preempted and that existing local laws and regulations conflicting with the State law on smoking are null and void; and

(2) Clarify that counties retain the authority to adopt ordinances that regulate the sale of cigarettes, tobacco products, and electronic smoking devices, as long as the ordinances do not conflict with and are more stringent than the State law on smoking.

SECTION 2. Section 328J-11.5, Hawaii Revised Statutes, is amended to read as follows:

"**[~~[~~]§328J-11.5[~~]~~] Statewide concern.** (a) Sales of cigarettes, tobacco products, and electronic smoking devices are a statewide concern. It is the intent of the legislature to regulate the sale of cigarettes, tobacco products, and electronic smoking devices in a uniform [~~and exclusive~~] manner[~~.~~] to the extent reasonably possible.

[~~(b) All local ordinances or regulations that regulate the sale of cigarettes, tobacco products, and electronic smoking devices are preempted, and existing local laws and regulations conflicting with this chapter are null and void.~~

~~(c)~~] (b) Nothing in this chapter shall be construed to limit a county's authority [~~under~~] to enact ordinances that regulate the sale of cigarettes, tobacco products, and electronic smoking devices within the county in accordance with section 328J-15."

SECTION 3. Section 328J-15, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Nothing in this chapter shall prohibit a county from enacting ordinances that regulate the sale of cigarettes, tobacco products, and electronic smoking devices within the county; provided that the ordinances do not directly conflict with and are more stringent than the provisions of this chapter."

SECTION 4. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 6. This Act shall take effect upon approval.

INTRODUCED BY:_____

Report Title:
Hawai'i State Association of Counties ("HSAC"); Hawaii State Association of Counties; HSAC Legislative Package; Cigarettes; Tobacco; Electronic Smoking Devices; Vaping; Counties

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

Report Title:
Hawai'i State Association of Counties ("HSAC"); Hawaii State Association of Counties; 2027 Legislative Package; 2027 Legislative Priorities

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