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**A BILL FOR AN ACT**

RELATING TO CONVEYANCE TAX.

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

1           SECTION 1. Section 247-3, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§247-3 Exemptions.** The tax imposed by section 247-1  
4 shall not apply to:

5           (1) Any document or instrument that is executed prior to  
6           January 1, 1967;

7           (2) Any document or instrument that is given to secure a  
8           debt or obligation;

9           (3) Any document or instrument that only confirms or  
10           corrects a deed, lease, sublease, assignment,  
11           transfer, or conveyance previously recorded or filed;

12           (4) Any document or instrument between husband and wife,  
13           reciprocal beneficiaries, or parent and child, in  
14           which only a nominal consideration is paid;

15           (5) Any document or instrument in which there is a  
16           consideration of \$100 or less paid or to be paid;

17           (6) Any document or instrument conveying real property,  
18           that is executed pursuant to an agreement of sale, and

S.B. NO. 1241

1 where applicable, any assignment of the agreement of  
2 sale, or assignments thereof; provided that the taxes  
3 under this chapter have been fully paid upon the  
4 agreement of sale, and where applicable, upon such  
5 assignment or assignments of agreements of sale;

6 (7) Any deed, lease, sublease, assignment of lease,  
7 agreement of sale, assignment of agreement of sale,  
8 instrument or writing in which the United States or  
9 any agency or instrumentality thereof or the State or  
10 any agency, instrumentality, or governmental or  
11 political subdivision thereof are the only parties  
12 thereto;

13 (8) Any document or instrument executed pursuant to a tax  
14 sale conducted by the United States or any agency or  
15 instrumentality thereof or the State or any agency,  
16 instrumentality, or governmental or political  
17 subdivision thereof for delinquent taxes or  
18 assessments;

19 (9) Any document or instrument conveying real property to  
20 the United States or any agency or instrumentality  
21 thereof or the State or any agency, instrumentality,  
22 or governmental or political subdivision thereof

S.B. NO. 1241

- 1           pursuant to the threat of the exercise or the exercise  
2           of the power of eminent domain;
- 3           (10) Any document or instrument that solely conveys or  
4           grants an easement or easements;
- 5           (11) Any document or instrument whereby owners partition  
6           their property, whether by mutual agreement or  
7           judicial action; provided that the value of each  
8           owner's interest in the property after partition is  
9           equal in value to that owner's interest before  
10          partition;
- 11          (12) Any document or instrument between marital partners or  
12          reciprocal beneficiaries who are parties to a divorce  
13          action or termination of reciprocal beneficiary  
14          relationship that is executed pursuant to an order of  
15          the court in the divorce action or termination of  
16          reciprocal beneficiary relationship;
- 17          (13) Any document or instrument conveying real property  
18          from a testamentary trust to a beneficiary under the  
19          trust;
- 20          (14) Any document or instrument conveying real property  
21          from a grantor to the grantor's revocable living

S.B. NO. 1241

1 trust, or from a grantor's revocable living trust to  
2 the grantor as beneficiary of the trust;

3 (15) Any document or instrument conveying real property, or  
4 any interest therein, from an entity that is a party  
5 to a merger or consolidation under chapter 414, 414D,  
6 415A, 421, 421C, 425, 425E, or 428 to the surviving or  
7 new entity; and

8 (16) Any document or instrument conveying real property, or  
9 any interest therein, from a dissolving limited  
10 partnership to its corporate general partner that  
11 owns, directly or indirectly, at least a ninety per  
12 cent interest in the partnership, determined by  
13 applying section 318 (with respect to constructive  
14 ownership of stock) of the federal Internal Revenue  
15 Code of 1986, as amended, to the constructive  
16 ownership of interests in the partnership [~~and~~

17 ~~(17) Any document or instrument conveying real property to~~  
18 ~~any nonprofit or for-profit organization that has been~~  
19 ~~certified by the Hawaii housing finance and~~  
20 ~~development corporation for low income housing~~  
21 ~~development]."~~

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S.B. NO. 1241

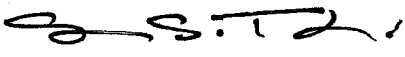
1 SECTION 2. Statutory material to be repealed is bracketed  
2 and stricken.

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

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INTRODUCED BY:   
BY REQUEST

**Report Title:**

Conveyance tax exemption; low-income housing development

**Description:**

Repeals conveyance tax exemptions for low-income housing projects certified by the Hawaii housing finance and development corporation

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development and Tourism

TITLE: A BILL FOR AN ACT RELATING TO CONVEYANCE TAX.

PURPOSE: To repeal the exemption from conveyance tax for low-income housing projects certified by the Hawaii Housing Finance and Development Corporation (HHFDC).

MEANS: Amend section 247-3, Hawaii Revised Statutes.

JUSTIFICATION: HHFDC has not found that the conveyance tax is a significant barrier to affordable housing development, especially since it is paid by the property seller, not the purchaser who will be developing the low-income housing project. Since enacted in Act 196, Session Laws of Hawaii 2005, the exemption from conveyance tax for land transfers for purposes of low-income housing has not helped to increase the inventory of low-income housing. Accordingly, it should be repealed.

Impact on the public: None.

Impact on the department and other agencies: None.

GENERAL FUND: Minimal.

OTHER FUNDS: Not applicable.

PPBS PROGRAM DESIGNATION: BED-160

OTHER AFFECTED AGENCIES: Department of Land and Natural Resources and Department of Taxation

EFFECTIVE DATE: Upon approval.