

JAN 19 2018

A BILL FOR AN ACT

RELATING TO CONVEYANCE TAX.

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

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

3 "§247-2 Basis and rate of tax. The tax imposed by section
4 247-1 shall be based on the actual and full consideration
5 (whether cash or otherwise, including any promise, act,
6 forbearance, property interest, value, gain, advantage, benefit,
7 or profit), paid or to be paid for all transfers or conveyance
8 of realty or any interest therein, that shall include any liens
9 or encumbrances thereon at the time of sale, lease, sublease,
10 assignment, transfer, or conveyance, and shall be at the
11 following rates:

12 (1) Except as provided in paragraph (2):

13 (A) Ten cents per \$100 for properties with a value of
14 less than \$600,000;

15 (B) Twenty cents per \$100 for properties with a value
16 of at least \$600,000, but less than \$1,000,000;



- 1 (C) Thirty cents per \$100 for properties with a value
- 2 of at least \$1,000,000, but less than \$2,000,000;
- 3 (D) Fifty cents per \$100 for properties with a value
- 4 of at least \$2,000,000, but less than \$4,000,000;
- 5 (E) Seventy cents per \$100 for properties with a
- 6 value of at least \$4,000,000, but less than
- 7 \$6,000,000;
- 8 (F) Ninety cents per \$100 for properties with a value
- 9 of at least \$6,000,000, but less than
- 10 \$10,000,000; and
- 11 (G) One dollar per \$100 for properties with a value
- 12 of \$10,000,000 or greater; [~~and~~]
- 13 (2) For the sale of a condominium or single family
- 14 residence for which the purchaser is ineligible for a
- 15 county homeowner's exemption on property tax:
- 16 (A) Fifteen cents per \$100 for properties with a
- 17 value of less than \$600,000;
- 18 (B) Twenty-five cents per \$100 for properties with a
- 19 value of at least \$600,000, but less than
- 20 \$1,000,000;



- 1 (C) Forty cents per \$100 for properties with a value
2 of at least \$1,000,000, but less than \$2,000,000;
- 3 (D) Sixty cents per \$100 for properties with a value
4 of at least \$2,000,000, but less than \$4,000,000;
- 5 (E) Eighty-five cents per \$100 for properties with a
6 value of at least \$4,000,000, but less than
7 \$6,000,000;
- 8 (F) One dollar and ten cents per \$100 for properties
9 with a value of at least \$6,000,000, but less
10 than \$10,000,000; and
- 11 (G) One dollar and twenty-five cents per \$100 for
12 properties with a value of \$10,000,000 or
13 greater[~~7~~]; and
- 14 (3) In addition to the rate established by paragraph (1)
15 or (2), for the sale of a condominium or single family
16 residence: One dollar per \$100 for properties with a
17 value of \$2,000,000 or greater,
- 18 of such actual and full consideration; provided that in the case
19 of a lease or sublease, this chapter shall apply only to a lease
20 or sublease whose full unexpired term is for a period of five
21 years or more, and in those cases, including (where appropriate)



1 those cases where the lease has been extended or amended, the
2 tax in this chapter shall be based on the cash value of the
3 lease rentals discounted to present day value and capitalized at
4 the rate of six per cent, plus the actual and full consideration
5 paid or to be paid for any and all improvements, if any, that
6 shall include on-site as well as off-site improvements,
7 applicable to the leased premises; and provided further that the
8 tax imposed for each transaction shall be not less than \$1."

9 SECTION 2. Section 247-7, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "§247-7 **Disposition of taxes.** All taxes collected under
12 this chapter shall be paid into the state treasury to the credit
13 of the general fund of the State, to be used and expended for
14 the purposes for which the general fund was created and exists
15 by law; provided that of the taxes collected each fiscal year:

16 (1) Ten per cent of the revenue accruing from application
17 of the rates established pursuant to section 247-2(1)
18 and (2), or \$6,800,000, whichever is less, shall be
19 paid into the land conservation fund established
20 pursuant to section 173A-5; [~~and~~]



1 (2) Fifty per cent of the revenue accruing from
 2 application of the rates established pursuant to
 3 section 247-2(1) and (2), or \$38,000,000, whichever is
 4 less, shall be paid into the rental housing revolving
 5 fund established by section 201H-202[-]; and

6 (3) One hundred per cent of the revenue in each county
 7 accruing from the rate established pursuant to section
 8 247-2(3) shall be allocated to the county's affordable
 9 housing fund and shall only be used to increase the
 10 supply of affordable housing by the following means:

11 (A) The purchase of existing housing units and other
 12 interests in real property;

13 (B) The planning, design, or construction of housing
 14 units;

15 (C) Making grants or loans to nonprofit
 16 organizations, including community land trusts;
 17 or

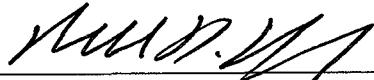
18 (D) Investment in public infrastructure."

19 SECTION 3. Statutory material to be repealed is bracketed
 20 and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon its approval;
2 provided that this Act shall be repealed on June 30, 2023.

3

INTRODUCED BY: 
By Request



S.B. NO. 2169

Report Title:

HSAC Package; Conveyance Tax; Housing

Description:

Increases the conveyance tax on the sale of condominiums and single-family residences with a value of \$2,000,000 or greater. Allocates the revenue to a county's affordable housing fund.

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