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

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

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

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

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

(B) Twenty cents per $100 for properties with a value of at least $600,000, but less than $1,000,000;
(C) Thirty cents per $100 for properties with a value of at least $1,000,000, but less than $2,000,000;

(D) Fifty cents per $100 for properties with a value of at least $2,000,000, but less than $4,000,000;

(E) Seventy cents per $100 for properties with a value of at least $4,000,000, but less than $6,000,000;

(F) Ninety cents per $100 for properties with a value of at least $6,000,000, but less than $10,000,000; and

(G) One dollar per $100 for properties with a value of $10,000,000 or greater; and

(2) For the sale of a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption on property tax:

(A) Fifteen cents per $100 for properties with a value of less than $600,000;

(B) Twenty-five cents per $100 for properties with a value of at least $600,000, but less than $1,000,000;
(C) Forty cents per $100 for properties with a value of at least $1,000,000, but less than $2,000,000;

(D) Sixty cents One dollar per $100 for properties with a value of at least $2,000,000, but less than $4,000,000;

(E) Eighty-five cents Two dollars per $100 for properties with a value of at least $4,000,000, but less than $6,000,000;

(F) One dollar and ten cents Three dollars per $100 for properties with a value of at least $6,000,000, but less than $10,000,000; and

(G) One dollar and twenty-five cents Four dollars per $100 for properties with a value of $10,000,000 or greater,

of such the actual and full consideration; provided that in the case of a lease or sublease, this chapter shall apply only to a lease or sublease whose full unexpired term is for a period of five years or more, and in those cases, including (where appropriate) those cases where the lease has been extended or amended, the tax in this chapter shall be based on the cash value of the lease rentals discounted to present day value and
capitalized at the rate of six per cent, plus the actual and
full consideration paid or to be paid for any and all
improvements, if any, that shall include on-site as well as off-
site improvements, applicable to the leased premises; and
provided further that the tax imposed for each transaction shall
be not less than $1."

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

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

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

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

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

(4) Any document or instrument between husband and wife,
reciprocal beneficiaries, or parent and child, in
which only a nominal consideration is paid;
(5) Any document or instrument in which there is a consideration of $100 or less paid or to be paid;

(6) Any document or instrument conveying real property that is executed pursuant to an agreement of sale, and where applicable, any assignment of the agreement of sale, or assignments thereof; provided that the taxes under this chapter have been fully paid upon the agreement of sale, and where applicable, upon such assignment or assignments of agreements of sale;

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

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

(9) Any document or instrument conveying real property to the United States or any agency or instrumentality thereof or the State or any agency, instrumentality, or governmental or political subdivision thereof pursuant to the threat of the exercise or the exercise of the power of eminent domain;

(10) Any document or instrument that solely conveys or grants an easement or easements;

(11) Any document or instrument whereby owners partition their property, whether by mutual agreement or judicial action; provided that the value of each owner's interest in the property after partition is equal in value to that owner's interest before partition;

(12) Any document or instrument between marital partners or reciprocal beneficiaries who are parties to a divorce action or termination of reciprocal beneficiary relationship that is executed pursuant to an order of
the court in the divorce action or termination of reciprocal beneficiary relationship;

(13) Any document or instrument conveying real property from a testamentary trust to a beneficiary under the trust;

(14) Any document or instrument conveying real property from a grantor to the grantor's revocable living trust, or from a grantor's revocable living trust to the grantor as beneficiary of the trust;

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

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

(17) Any document or instrument that conforms to the
transfer on death deed as authorized under chapter
527[-]; and

(18) Any document or instrument conveying real property
from an owner-occupant, where the real property is
subject to a government assistance program for
affordable housing that is qualified by the Hawaii
housing finance and development corporation and
administered or operated by the State, the
corporation, the United States, or any of their
political subdivisions, agencies, or
instrumentalities, corporate or otherwise; provided
that the owner-occupant obtains a current
certification of owner-occupancy status from the
Hawaii housing finance and development corporation in
order to qualify for the exemption."

SECTION 3. Statutory material to be repealed is bracketed
and stricken. New statutory material is underscored.
SECTION 4. This Act shall take effect on July 1, 2020.

INTRODUCED BY:

[Signatures]

[Names]
Report Title:
Conveyance Tax; Investment Property; Affordable Housing

Description:
Raises the conveyance tax rates for residential investment properties with a value of at least $2,000,000. Exempts affordable housing qualified by the Hawaii Housing Finance and Development Corporation from the conveyance tax.

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