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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. The legislature finds that the recent boom in  
2 the real estate market has sent housing and condominium prices  
3 soaring to record highs. The boom has caused inflated property  
4 values that have driven many prospective home buyers out of the  
5 housing market and has resulted in outrageously high property  
6 taxes that have strained the pocketbooks of Hawaii's taxpayers.

7           The inflated property values are due in part to real estate  
8 speculators who exploit the real estate market by buying and  
9 selling properties within a short period of time.

10           The purpose of this Act is to reduce or eliminate the  
11 speculative aspect of the real estate market to ultimately  
12 contain housing prices, especially for resident buyers, to  
13 reduce property taxes for Hawaii's taxpayers, and to assist the  
14 homeless with revenues collected under this Act.

15           SECTION 2. Chapter 201G, Hawaii Revised Statutes, is  
16 amended by adding a new section to be appropriately designated  
17 and to read as follows:



1           "§201G-A Homeless assistance special fund. There is  
2 established within the state treasury a homeless assistance  
3 special fund to be administered by the administration. Funds  
4 collected under section 247-2(b) and appropriations made by the  
5 legislature shall be deposited into the homeless assistance  
6 special fund. All interest earned or accrued on moneys  
7 deposited into the fund shall become part of the fund. The fund  
8 shall be used exclusively for the purposes of part IV, chapter  
9 201G relating to homeless assistance."

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

12           "§247-2 Basis and rate of tax. (a) The tax imposed by  
13 section 247-1 shall be based on the actual and full  
14 consideration (whether cash or otherwise, including any promise,  
15 act, forbearance, property interest, value, gain, advantage,  
16 benefit, or profit), paid or to be paid for all transfers or  
17 conveyance of realty or any interest therein, that shall include  
18 any liens or encumbrances thereon at the time of sale, lease,  
19 sublease, assignment, transfer, or conveyance~~[, and]~~. Except  
20 as provided in subsection (b), the tax shall be at the following  
21 rates:



- 1 (1) Except as provided in paragraph (2):
  - 2 (A) Ten cents per \$100 for properties with a value of
  - 3 less than \$600,000;
  - 4 (B) Twenty cents per \$100 for properties with a value
  - 5 of at least \$600,000, but less than \$1,000,000;
  - 6 and
  - 7 (C) Thirty cents per \$100 for properties with a value
  - 8 of \$1,000,000 or greater; and
- 9 (2) For the sale of a condominium or single family
- 10 residence for which the purchaser is ineligible for a
- 11 county homeowner's exemption on property tax:
  - 12 (A) Fifteen cents per \$100 for properties with a
  - 13 value of less than \$600,000;
  - 14 (B) Twenty-five cents per \$100 for properties with a
  - 15 value of at least \$600,000, but less than
  - 16 \$1,000,000; and
  - 17 (C) Thirty-five cents per \$100 for properties with a
  - 18 value of \$1,000,000 or greater,
- 19 of such actual and full consideration; provided that in the case
- 20 of a lease or sublease, this chapter shall apply only to a lease
- 21 or sublease whose full unexpired term is for a period of five
- 22 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 Unless otherwise provided by agreement between the buyer  
 10 and seller to a real property transaction, the buyer of real  
 11 property shall be responsible for the tax assessed on any  
 12 transaction set forth under subsection (a) (2).

13 (b) Multiple transfers or conveyances of any realty that  
 14 is subject to this chapter, made within a period of two years,  
 15 shall be subject to multiple assessments of the conveyance tax  
 16 collected under this chapter as follows:

17 (1) For realty that is transferred or conveyed twice  
 18 within a two-year period, the conveyance tax assessed  
 19 under this chapter on the second conveyance shall be  
 20 \_\_\_\_\_ times the rate provided by subsection (a); and

21 (2) For realty that has been transferred or conveyed more  
 22 than twice within a two-year period, the conveyance

1 tax assessed under this chapter on any conveyance  
2 after the second shall be times the rate  
3 provided by subsection (a).

4 The seller of realty subject to this subsection shall be  
5 responsible for the tax assessed under this subsection.

6 For the purpose of determining a two-year period, the date  
7 of the transfer or conveyance as recorded by the bureau of  
8 conveyances shall control.

9 This subsection shall not apply to:

10 (1) Any transfer or conveyance where the gain realized by  
11 the seller, as determined under chapter 235, is less  
12 than \$100,000;

13 (2) Any transfer or conveyance where the purchaser is  
14 eligible for a home exemption;

15 (3) Any transfer or conveyance by any active duty member  
16 of the military; and

17 (4) Hardship cases as determined by the department of  
18 taxation.

19 The tax revenue collected pursuant to this subsection shall  
20 be deposited into the homeless assistance special fund under  
21 section 201G-A for the purposes of part IV, chapter 201G  
22 relating to homeless assistance."



1           SECTION 4. In codifying the new section added by section 2  
2 of this Act, the revisor of statutes shall substitute an  
3 appropriate section number for the letter used in designating  
4 the new section in this Act.

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

7           SECTION 6. This Act shall take effect on January 1, 2007.



HB 2666  
HD 1

**Report Title:**

Conveyance Tax; Homeless

**Description:**

Increases the conveyance tax for multiple sales of the same property within a two-year period. (HB2666 HD1)

HB2666 HD1 HMS 2006-2007

