
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:

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



- 1 (A) Ten cents per \$100 for properties with a value of
2 less than \$600,000;
- 3 (B) Twenty cents per \$100 for properties with a value
4 of at least \$600,000, but less than \$1,000,000;
5 and
- 6 (C) Thirty cents per \$100 for properties with a value
7 of \$1,000,000 or greater; and
- 8 (2) For the sale of a condominium or single family
9 residence for which the purchaser is ineligible for a
10 county homeowner's exemption on property tax:
- 11 (A) Fifteen cents per \$100 for properties with a
12 value of less than \$600,000;
- 13 (B) Twenty-five cents per \$100 for properties with a
14 value of at least \$600,000, but less than
15 \$1,000,000; and
- 16 (C) Thirty-five cents per \$100 for properties with a
17 value of \$1,000,000 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)
22 those cases where the lease has been extended or amended, the



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

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

12 (1) For realty that is transferred or conveyed twice
13 within a two-year period, the conveyance tax assessed
14 under this chapter on the second conveyance shall be
15 times the rate provided by subsection (a); and

16 (2) For realty that has been transferred or conveyed more
17 than twice within a two-year period, the conveyance
18 tax assessed under this chapter on any conveyance
19 after the second shall be times the rate
20 provided by subsection (a).

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



1 For the purpose of determining a two-year period, the date
2 of the transfer or conveyance as recorded by the bureau of
3 conveyances shall control.

4 This subsection shall not apply to:

5 (1) Any transfer or conveyance where the profit made by
6 the seller is less than \$100,000; and

7 (2) Hardship cases as determined by the department of
8 taxation by rule, adopted pursuant to chapter 91.

9 The tax revenue collected pursuant to this subsection shall
10 be deposited into the homeless assistance special fund under
11 section 201G-A for the purposes of part IV, chapter 201G
12 relating to homeless assistance.

13 The department of taxation may adopt rules pursuant to
14 chapter 91 to effectuate this subsection."

15 SECTION 4. In codifying the new sections added by section
16 2 of this Act, the revisor of statutes shall substitute
17 appropriate section numbers for the letters used in designating
18 the new sections in this Act.

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



1 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY:

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JAN 24 2006



HB2666

Report Title:

Conveyance Tax; Homeless

Description:

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

