

JAN 23 2009

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# A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

1           SECTION 1. The purpose of this Act is to provide  
2 additional funds for the development of affordable rental  
3 housing by:

4           (1) Increasing the amount of the conveyance tax for the  
5 sale of a condominium or single family residence with  
6 a value greater than \$1,000,000, and for which the  
7 purchaser is ineligible for a county homeowner's  
8 exemption on property tax; and

9           (2) Increasing the percentage of the conveyance tax to be  
10 paid into the rental housing trust fund.

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

13          "**§247-2 Basis and rate of tax.** The tax imposed by section  
14 247-1 shall be based on the actual and full consideration  
15 (whether cash or otherwise, including any promise, act,  
16 forbearance, property interest, value, gain, advantage, benefit,  
17 or profit), paid or to be paid for all transfers or conveyance



1 of realty or any interest therein, that shall include any liens  
2 or encumbrances thereon at the time of sale, lease, sublease,  
3 assignment, transfer, or conveyance, and shall be at the  
4 following rates:

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

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

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

11 (C) Thirty cents per \$100 for properties with a value  
12 of \$1,000,000 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; [and]



1 (C) [~~Thirty-five~~] \_\_\_\_\_ cents per \$100 for  
 2 properties with a value of at least \$1,000,000  
 3 [~~or greater,~~] but less than \$2,000,000; and  
 4 (D) \_\_\_\_\_ cents per \$100 for properties with a  
 5 value of \$2,000,000 or greater,  
 6 of such actual and full consideration; provided that in the case  
 7 of a lease or sublease, this chapter shall apply only to a lease  
 8 or sublease whose full unexpired term is for a period of five  
 9 years or more, and in those cases, including (where appropriate)  
 10 those cases where the lease has been extended or amended, the  
 11 tax in this chapter shall be based on the cash value of the  
 12 lease rentals discounted to present day value and capitalized at  
 13 the rate of six per cent, plus the actual and full consideration  
 14 paid or to be paid for any and all improvements, if any, that  
 15 shall include on-site as well as off-site improvements,  
 16 applicable to the leased premises; and provided further that the  
 17 tax imposed for each transaction shall be not less than \$1."

18 SECTION 3. Section 247-7, Hawaii Revised Statutes, is  
 19 amended to read as follows:

20 "§247-7 **Disposition of taxes.** All taxes collected under  
 21 this chapter shall be paid into the state treasury to the credit  
 22 of the general fund of the State, to be used and expended for

1 the purposes for which the general fund was created and exists  
2 by law; provided that of the taxes collected each fiscal year:

3 (1) Ten per cent shall be paid into the land conservation  
4 fund established pursuant to section 173A-5;

5 (2) [~~Thirty~~] \_\_\_\_\_ per cent shall be paid into the  
6 rental housing trust fund established by section 201H-  
7 202; and

8 (3) Twenty-five per cent shall be paid into the natural  
9 area reserve fund established by section 195-9;  
10 provided that the funds paid into the natural area  
11 reserve fund shall be annually disbursed by the  
12 department of land and natural resources in the  
13 following priority:

14 (A) To natural area partnership and forest  
15 stewardship programs after joint consultation  
16 with the forest stewardship committee and the  
17 natural area reserves system commission;

18 (B) Projects undertaken in accordance with watershed  
19 management plans pursuant to section 171-58 or  
20 watershed management plans negotiated with  
21 private landowners, and management of the natural



1 area reserves system pursuant to section 195-3;

2 and

3 (C) The youth conservation corps established under  
4 chapter 193."

5 SECTION 4. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

Norman Sakomiz



**Report Title:**

Affordable Housing; Conveyance Tax

**Description:**

Increases the amount of the conveyance tax for the sale of a condominium or single family residence with a value greater than \$1,000,000, and for which the purchaser is ineligible for a county homeowner's exemption on property tax; increases the percentage of the conveyance tax to be paid into the rental housing trust fund.

