
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The purpose of this Act is to create an
2 anti-speculation capital gains tax on the sale of real property
3 held for less than twenty-four months, with certain specified
4 exceptions.

5 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
6 amended by adding a new section to be appropriately designated
7 and to read as follows:

8 "§235- Anti-speculation; capital gains tax. (a) In
9 addition to the capital gains tax imposed under this chapter,
10 there shall be an anti-speculation capital gains tax on the net
11 capital gains realized by a seller of real property, less
12 commissions, fees, and other charges, if any, related to the
13 sale. The tax shall be as follows:

14 (1) If the real property was held by the seller for less
15 than six months prior to the sale, the tax shall be
16 sixty per cent of the capital gains tax owed;

17 (2) If the real property was held by the seller for at
18 least six months but less than twelve months prior to



1 the sale, the tax shall be thirty per cent of the
2 capital gains tax owed; and

3 (3) If the real property was held by the seller for at
4 least twelve months but not more than twenty-four
5 months, the tax shall be fifteen per cent of the
6 capital gains tax owed.

7 (b) This section shall not apply to:

8 (1) Real property sold to provide affordable rental
9 housing for a period of not less than ten years to a
10 resident, as defined in section 235-1, earning less
11 than one hundred forty per cent of the median Hawaii
12 income, as determined by the department;

13 (2) A principal residence sold by reason of a change in
14 place of employment or health, or unforeseen
15 circumstances, as exempted under Section 121(c)(2) of
16 the Internal Revenue Code; or

17 (3) Amounts realized from properties that are
18 involuntarily converted (destroyed, stolen, seized,
19 requisitioned, or condemned), as exempted under
20 Section 1033 of the Internal Revenue Code.



1 (c) The sale of unimproved real property shall be subject
2 to taxation under this section, unless otherwise prohibited
3 under this section.

4 (d) The tax revenues realized pursuant to this section
5 shall be deposited into an escrow account to be forwarded to the
6 department. The department shall deposit:

7 (1) Twenty-five per cent of the revenues into the general
8 fund; and

9 (2) Seventy-five per cent of the revenues into the rental
10 housing trust fund under section 201H-202.

11 (e) This section shall not apply to properties that
12 qualify the seller for a county homeowner's exemption or to
13 military personnel selling property as a result of military
14 relocation orders."

15 SECTION 3. New statutory material is underscored.

16 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Anti-Speculation Capital Gains Tax

Description:

Creates an anti-speculation capital gains tax on profits from the sale of real property held for less than twenty-four months, with exceptions. Directs 75 percent of revenues to be deposited into the Rental Housing Trust Fund and 25 percent of revenues to be deposited into the general fund. Effective July 1, 2050.

(SB2575 HD1)

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