
A BILL FOR AN ACT

RELATING TO CONVEYANCE TAX.

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

1 SECTION 1. Section 247-3, Hawaii Revised Statutes, is
2 amended to read as follows:

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

- 5 (1) Any document or instrument that is executed prior to
6 January 1, 1967;
- 7 (2) Any document or instrument that is given to secure a
8 debt or obligation;
- 9 (3) Any document or instrument that only confirms or
10 corrects a deed, lease, sublease, assignment,
11 transfer, or conveyance previously recorded or filed;
- 12 (4) Any document or instrument between husband and wife,
13 reciprocal beneficiaries, or parent and child, in
14 which only a nominal consideration is paid;
- 15 (5) Any document or instrument in which there is a
16 consideration of \$100 or less paid or to be paid;
- 17 (6) Any document or instrument conveying real property
18 that is executed pursuant to an agreement of sale, and

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1 where applicable, any assignment of the agreement of
2 sale, or assignments thereof; provided that the taxes
3 under this chapter have been fully paid upon the
4 agreement of sale, and where applicable, upon such
5 assignment or assignments of agreements of sale;

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

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

19 (9) Any document or instrument conveying real property to
20 the United States or any agency or instrumentality
21 thereof or the State or any agency, instrumentality,
22 or governmental or political subdivision thereof

- 1 pursuant to the threat of the exercise or the exercise
2 of the power of eminent domain;
- 3 (10) Any document or instrument that solely conveys or
4 grants an easement or easements;
- 5 (11) Any document or instrument whereby owners partition
6 their property, whether by mutual agreement or
7 judicial action; provided that the value of each
8 owner's interest in the property after partition is
9 equal in value to that owner's interest before
10 partition;
- 11 (12) Any document or instrument between marital partners or
12 reciprocal beneficiaries who are parties to a divorce
13 action or termination of reciprocal beneficiary
14 relationship that is executed pursuant to an order of
15 the court in the divorce action or termination of
16 reciprocal beneficiary relationship;
- 17 (13) Any document or instrument conveying real property
18 from a testamentary trust to a beneficiary under the
19 trust;
- 20 (14) Any document or instrument conveying real property
21 from a grantor to the grantor's revocable living

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1 trust, or from a grantor's revocable living trust to
2 the grantor as beneficiary of the trust;

3 (15) Any document or instrument conveying real property, or
4 any interest therein, from an entity that is a party
5 to a merger or consolidation under chapter 414, 414D,
6 415A, 421, 421C, 425, 425E, or 428 to the surviving or
7 new entity; and

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

17 ~~(17) Any document or instrument conveying real property to~~
18 ~~any nonprofit or for-profit organization that has been~~
19 ~~certified by the Hawaii housing finance and~~
20 ~~development corporation for low-income housing~~
21 ~~development]."~~

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1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken.

3 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: Calvin H. Boy
BY REQUEST
JAN 24 2011

Report Title:

Conveyance tax exemption; low-income housing development

Description:

Repeals conveyance tax exemptions for low-income housing projects certified by the Hawaii housing finance and development corporation

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development and Tourism

TITLE: A BILL FOR AN ACT RELATING TO CONVEYANCE TAX.

PURPOSE: To repeal the exemption from conveyance tax for low-income housing projects certified by the Hawaii Housing Finance and Development Corporation (HHFDC).

MEANS: Amend section 247-3, Hawaii Revised Statutes.

JUSTIFICATION: HHFDC has not found that the conveyance tax is a significant barrier to affordable housing development, especially since it is paid by the property seller, not the purchaser who will be developing the low-income housing project. Since enacted in Act 196, Session Laws of Hawaii 2005, the exemption from conveyance tax for land transfers for purposes of low-income housing has not helped to increase the inventory of low-income housing. Accordingly, it should be repealed.

Impact on the public: None.

Impact on the department and other agencies: None.

GENERAL FUND: Minimal.

OTHER FUNDS: Not applicable.

PPBS PROGRAM DESIGNATION: BED-160

OTHER AFFECTED AGENCIES: Department of Land and Natural Resources and Department of Taxation

EFFECTIVE DATE: Upon approval.