

JAN 19 2018

A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The legislature finds that housing costs in
2 Hawaii are among the highest in the nation. First-time home
3 buyers find it especially difficult to afford even modest
4 accommodations, while wealthy investors from around the world
5 continue to purchase additional homes in the State. Homes have
6 historically been used as investments. However, investment
7 opportunity should not come at a significant loss to first-time
8 home buyers or residents of Hawaii.

9 The legislature finds that the Hawaii housing finance and
10 development corporation has financing programs to help residents
11 with down payments, securing a mortgage, and rental assistance.

12 The purpose of this Act is to encourage homeownership among
13 Hawaii residents by:

14 (1) Increasing the conveyance tax rates for investment
15 properties;

16 (2) Lowering the conveyance tax rates for properties with
17 a value under two million dollars; and



(3) Requiring that a portion of conveyance tax revenues be deposited into the housing finance revolving fund to assist Hawaii housing finance and development corporation financing programs.

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

"§247-2 **Basis and rate of tax.** The tax imposed by section 247-1 shall be based on the actual and full consideration (whether cash or otherwise, including any promise, act, forbearance, property interest, value, gain, advantage, benefit, or profit), paid or to be paid for all transfers or conveyance of realty or any interest therein, that shall include any liens or encumbrances thereon at the time of sale, lease, sublease, assignment, transfer, or conveyance, and shall be at the following rates:

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

(A) ~~[Ten]~~ Five cents per \$100 for properties with a value of less than \$600,000;

(B) ~~[Twenty]~~ Ten cents per \$100 for properties with a value of at least \$600,000, but less than \$1,000,000;



(C) ~~[Thirty]~~ Fifteen cents per \$100 for properties with a value of at least \$1,000,000, but less than \$2,000,000;

(D) Fifty cents per \$100 for properties with a value of at least \$2,000,000, but less than \$4,000,000;

(E) Seventy cents per \$100 for properties with a value of at least \$4,000,000, but less than \$6,000,000;

(F) Ninety cents per \$100 for properties with a value of at least \$6,000,000, but less than \$10,000,000; and

(G) One dollar per \$100 for properties with a value of \$10,000,000 or greater; and

(2) For the sale of a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption on property tax[+]

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

~~(B) Twenty-five cents per \$100 for properties with a value of at least \$600,000, but less than \$1,000,000;~~



- 1 ~~(C) Forty cents per \$100 for properties with a value~~
2 ~~of at least \$1,000,000, but less than \$2,000,000,~~
3 ~~(D) Sixty cents per \$100 for properties with a value~~
4 ~~of at least \$2,000,000, but less than \$4,000,000,~~
5 ~~(E) Eighty five cents per \$100 for properties with a~~
6 ~~value of at least \$4,000,000, but less than~~
7 ~~\$6,000,000,~~
8 ~~(F) One dollar and ten cents per \$100 for properties~~
9 ~~with a value of at least \$6,000,000, but less~~
10 ~~than \$10,000,000; and~~
11 ~~(G) One dollar and twenty five cents per \$100 for~~
12 ~~properties with a value of \$10,000,000 or~~
13 ~~greater,], three per cent of the value,~~

14 of such actual and full consideration; provided that in the case
15 of a lease or sublease, this chapter shall apply only to a lease
16 or sublease whose full unexpired term is for a period of five
17 years or more, and in those cases, including (where appropriate)
18 those cases where the lease has been extended or amended, the
19 tax in this chapter shall be based on the cash value of the
20 lease rentals discounted to present day value and capitalized at
21 the rate of six per cent, plus the actual and full consideration



1 paid or to be paid for any and all improvements, if any, that
2 shall include on-site as well as off-site improvements,
3 applicable to the leased premises; and provided further that the
4 tax imposed for each transaction shall be not less than \$1."

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

7 "**§247-7 Disposition of taxes.** All taxes collected under
8 this chapter shall be paid into the state treasury to the credit
9 of the general fund of the State, to be used and expended for
10 the purposes for which the general fund was created and exists
11 by law; provided that of the taxes collected each year:

12 (1) Ten per cent or \$6,800,000, whichever is less, shall
13 be paid into the land conservation fund established
14 pursuant to section 173A-5; ~~and~~

15 (2) Fifty per cent or \$38,000,000, whichever is less,
16 shall be paid into the rental housing revolving fund
17 established by section 201H-202 ~~[-]~~; and

18 (3) per cent or \$, whichever is less, shall
19 be paid into the housing finance revolving fund
20 established under section 201H-80."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

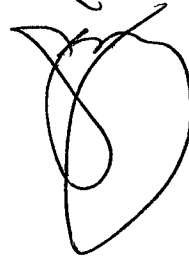
3 SECTION 5. This Act shall take effect on July 1, 2018.

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INTRODUCED BY:



Ernest R. Brown



S.B. NO. 2480

Report Title:

Conveyance Tax; Housing

Description:

Amends conveyance tax rates. Requires that a percentage of conveyance taxes collected be deposited into the Housing Finance Revolving Fund.

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