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# A BILL FOR AN ACT

RELATING TO THE CONVEYANCE TAX.

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

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

3           "**§247-2 Basis and rate of tax.** The tax imposed by section  
4 247-1 shall be based on the actual and full consideration  
5 (whether cash or otherwise, including any promise, act,  
6 forbearance, property interest, value, gain, advantage, benefit,  
7 or profit), paid or to be paid for all transfers or conveyance  
8 of realty or any interest therein, that shall include any liens  
9 or encumbrances thereon at the time of sale, lease, sublease,  
10 assignment, transfer, or conveyance, and shall be at the  
11 following rates:

12           (1) Except as provided in [~~paragraph (2)~~] paragraphs (2)  
13           and (3):

14           (A) [~~Ten cents per \$100 for~~] For properties with a  
15           value of less than \$600,000 [~~+~~]: 10 cents per  
16           \$100;



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- 1 (B) [~~Twenty cents per \$100 for~~] For properties with a  
2 value of at least \$600,000, but less than  
3 \$1,000,000[+]: 20 cents per \$100;
- 4 (C) [~~Thirty cents per \$100 for~~] For properties with a  
5 value of at least \$1,000,000, but less than  
6 \$2,000,000[+]: 30 cents per \$100;
- 7 (D) [~~Fifty cents per \$100 for~~] For properties with a  
8 value of at least \$2,000,000, but less than  
9 \$4,000,000[+]: \$1.50 per \$100;
- 10 (E) [~~Seventy cents per \$100 for~~] For properties with  
11 a value of at least \$4,000,000, but less than  
12 \$6,000,000[+]: \$2.50 per \$100;
- 13 (F) [~~Ninety cents per \$100 for~~] For properties with a  
14 value of at least \$6,000,000, but less than  
15 \$10,000,000[+]: \$3.50 per \$100; and
- 16 (G) [~~One dollar per \$100 for~~] For properties with a  
17 value of \$10,000,000 or greater[+and]: \$4.50  
18 per \$100;
- 19 (2) For the sale of a condominium or single family  
20 residence for which the purchaser is ineligible for a  
21 county homeowner's exemption on property tax:



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- 1 (A) [~~Fifteen cents per \$100 for~~] For properties with  
2 a value of less than \$600,000[+]: 15 cents per  
3 \$100;
- 4 (B) [~~Twenty five cents per \$100 for~~] For properties  
5 with a value of at least \$600,000, but less than  
6 \$1,000,000[+]: 25 cents per \$100;
- 7 (C) [~~Forty cents per \$100 for~~] For properties with a  
8 value of at least \$1,000,000, but less than  
9 \$2,000,000[+]: 40 cents per \$100;
- 10 (D) [~~Sixty cents per \$100 for~~] For properties with a  
11 value of at least \$2,000,000, but less than  
12 \$4,000,000[+]: \$2 per \$100;
- 13 (E) [~~Eighty five cents per \$100 for~~] For properties  
14 with a value of at least \$4,000,000, but less  
15 than \$6,000,000[+]: \$3 per \$100;
- 16 (F) [~~One dollar and ten cents per \$100 for~~] For  
17 properties with a value of at least \$6,000,000,  
18 but less than \$10,000,000[+]: \$4 per \$100; and
- 19 (G) [~~One dollar and twenty five cents per \$100 for~~]  
20 For properties with a value of \$10,000,000 or  
21 greater[+]: \$5 per \$100; and



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- 1        (3) For the sale of real property for the preservation of
- 2            an eligible rental housing project where the units are
- 3            for persons or families with incomes at or below one
- 4            hundred forty per cent of the area median income to an
- 5            eligible developer that is subject to a regulatory
- 6            agreement approved by the Hawaii housing finance and
- 7            development corporation:
  
- 8            (A) For properties with a value of less than
- 9                    \$600,000: 15 cents per \$100;
  
- 10            (B) For properties with a value of at least \$600,000,
- 11                    but less than \$1,000,000: 25 cents per \$100;
  
- 12            (C) For properties with a value of at least
- 13                    \$1,000,000, but less than \$2,000,000: 40 cents
- 14                    per \$100;
  
- 15            (D) For properties with a value of at least
- 16                    \$2,000,000, but less than \$4,000,000: 60 cents
- 17                    per \$100;
  
- 18            (E) For properties with a value of at least
- 19                    \$4,000,000, but less than \$6,000,000: 85 cents
- 20                    per \$100;



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- 1           (F) For properties with a value of at least
- 2                     \$6,000,000, but less than \$10,000,000: \$1.10 per
- 3                     \$100; and
- 4           (G) For properties with a value of \$10,000,000 or
- 5                     greater: \$1.25 per \$100,

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 2. 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



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1 of the general fund of the State, to be used and expended for  
2 the purposes for which the general fund was created and exists  
3 by law; provided that of the taxes collected each fiscal year:

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

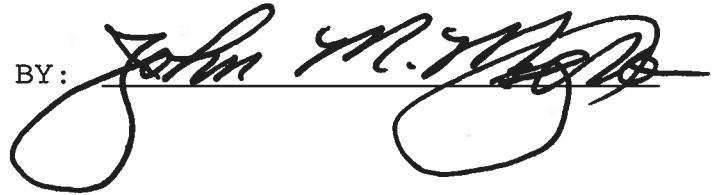
7 (2) Fifty per cent [~~or \$38,000,000, whichever is less,~~]  
8 shall be paid into the rental housing revolving fund  
9 established by section 201H-202."

10 SECTION 3. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 4. This Act shall take effect on July 1, 2019.

13

INTRODUCED BY:



JAN 18 2019



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**Report Title:**

Conveyance Tax; Rate; Disposition

**Description:**

Increases the rate of real estate conveyance tax for properties with a value of \$2,000,000 and more. Establishes rates for the sale of real property to the Hawaii Housing Finance and Development Corporation to an eligible developer. Amends the calculation for the amount of conveyance tax revenues to be deposited into the Rental Housing Revolving Fund.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

