

JAN 17 2020

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):

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

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



- 1 (C) Thirty cents per \$100 for properties with a value
- 2 of at least \$1,000,000, but less than \$2,000,000;
- 3 (D) Fifty cents per \$100 for properties with a value
- 4 of at least \$2,000,000, but less than \$4,000,000;
- 5 (E) Seventy cents per \$100 for properties with a
- 6 value of at least \$4,000,000, but less than
- 7 \$6,000,000;
- 8 (F) Ninety cents per \$100 for properties with a value
- 9 of at least \$6,000,000, but less than
- 10 \$10,000,000; and
- 11 (G) One dollar per \$100 for properties with a value
- 12 of \$10,000,000 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;



- 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~~] One dollar per \$100 for properties
4 with a value of at least \$2,000,000, but less
5 than \$4,000,000;
- 6 (E) [~~Eighty-five cents~~] Two dollars per \$100 for
7 properties with a value of at least \$4,000,000,
8 but less than \$6,000,000;
- 9 (F) [~~One dollar and ten cents~~] Three dollars per \$100
10 for properties with a value of at least
11 \$6,000,000, but less than \$10,000,000; and
- 12 (G) [~~One dollar and twenty-five cents~~] Four dollars
13 per \$100 for properties with a value of
14 \$10,000,000 or greater,
- 15 of [~~such~~] the actual and full consideration; provided that in
16 the case of a lease or sublease, this chapter shall apply only
17 to a lease or sublease whose full unexpired term is for a period
18 of five years or more, and in those cases, including (where
19 appropriate) those cases where the lease has been extended or
20 amended, the tax in this chapter shall be based on the cash
21 value of the lease rentals discounted to present day value and



1 capitalized at the rate of six per cent, plus the actual and
2 full consideration paid or to be paid for any and all
3 improvements, if any, that shall include on-site as well as off-
4 site improvements, applicable to the leased premises; and
5 provided further that the tax imposed for each transaction shall
6 be not less than \$1."

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

9 "§247-3 Exemptions. The tax imposed by section 247-1
10 shall not apply to:

- 11 (1) Any document or instrument that is executed prior to
12 January 1, 1967;
- 13 (2) Any document or instrument that is given to secure a
14 debt or obligation;
- 15 (3) Any document or instrument that only confirms or
16 corrects a deed, lease, sublease, assignment,
17 transfer, or conveyance previously recorded or filed;
- 18 (4) Any document or instrument between husband and wife,
19 reciprocal beneficiaries, or parent and child, in
20 which only a nominal consideration is paid;



- 1 (5) Any document or instrument in which there is a
2 consideration of \$100 or less paid or to be paid;
- 3 (6) Any document or instrument conveying real property
4 that is executed pursuant to an agreement of sale, and
5 where applicable, any assignment of the agreement of
6 sale, or assignments thereof; provided that the taxes
7 under this chapter have been fully paid upon the
8 agreement of sale, and where applicable, upon such
9 assignment or assignments of agreements of sale;
- 10 (7) Any deed, lease, sublease, assignment of lease,
11 agreement of sale, assignment of agreement of sale,
12 instrument or writing in which the United States or
13 any agency or instrumentality thereof or the State or
14 any agency, instrumentality, or governmental or
15 political subdivision thereof are the only parties
16 thereto;
- 17 (8) Any document or instrument executed pursuant to a tax
18 sale conducted by the United States or any agency or
19 instrumentality thereof or the State or any agency,
20 instrumentality, or governmental or political



- 1 subdivision thereof for delinquent taxes or
2 assessments;
- 3 (9) Any document or instrument conveying real property to
4 the United States or any agency or instrumentality
5 thereof or the State or any agency, instrumentality,
6 or governmental or political subdivision thereof
7 pursuant to the threat of the exercise or the exercise
8 of the power of eminent domain;
- 9 (10) Any document or instrument that solely conveys or
10 grants an easement or easements;
- 11 (11) Any document or instrument whereby owners partition
12 their property, whether by mutual agreement or
13 judicial action; provided that the value of each
14 owner's interest in the property after partition is
15 equal in value to that owner's interest before
16 partition;
- 17 (12) Any document or instrument between marital partners or
18 reciprocal beneficiaries who are parties to a divorce
19 action or termination of reciprocal beneficiary
20 relationship that is executed pursuant to an order of



1 the court in the divorce action or termination of
2 reciprocal beneficiary relationship;

3 (13) Any document or instrument conveying real property
4 from a testamentary trust to a beneficiary under the
5 trust;

6 (14) Any document or instrument conveying real property
7 from a grantor to the grantor's revocable living
8 trust, or from a grantor's revocable living trust to
9 the grantor as beneficiary of the trust;

10 (15) Any document or instrument conveying real property, or
11 any interest therein, from an entity that is a party
12 to a merger or consolidation under chapter 414, 414D,
13 415A, 421, 421C, 425, 425E, or 428 to the surviving or
14 new entity;

15 (16) Any document or instrument conveying real property, or
16 any interest therein, from a dissolving limited
17 partnership to its corporate general partner that
18 owns, directly or indirectly, at least a ninety per
19 cent interest in the partnership, determined by
20 applying section 318 (with respect to constructive
21 ownership of stock) of the federal Internal Revenue



1 Code of 1986, as amended, to the constructive
2 ownership of interests in the partnership; [~~and~~
3 ~~]~~ (17) [~~+~~] Any document or instrument that conforms to the
4 transfer on death deed as authorized under chapter
5 527 [~~-~~]; and
6 (18) Any document or instrument conveying real property
7 from an owner-occupant, where the real property is
8 subject to a government assistance program for
9 affordable housing that is qualified by the Hawaii
10 housing finance and development corporation and
11 administered or operated by the State, the
12 corporation, the United States, or any of their
13 political subdivisions, agencies, or
14 instrumentalities, corporate or otherwise; provided
15 that the owner-occupant obtains a current
16 certification of owner-occupancy status from the
17 Hawaii housing finance and development corporation in
18 order to qualify for the exemption."

19 SECTION 3. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect on July 1, 2020.

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INTRODUCED BY:

Dan Claitor
Michelle D. Tidani

Dan Claitor

Clara V. Fischer

Clara V. Fischer

Clara V. Fischer



S.B. NO. 2087

Report Title:

Conveyance Tax; Investment Property; Affordable Housing

Description:

Raises the conveyance tax rates for residential investment properties with a value of at least \$2,000,000. Exempts affordable housing qualified by the Hawaii Housing Finance and Development Corporation from the conveyance tax.

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