

JAN 17 2020

A BILL FOR AN ACT

RELATING TO CONVEYANCE TAX.

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

1 SECTION 1. Section 247-2, 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;



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- 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 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,
14 of ~~[such]~~ the actual and full consideration; provided that in
15 the case of a lease or sublease~~[,]~~ of residential property, this
16 chapter shall apply only to a lease or sublease whose full
17 unexpired term is for a period of ~~[five years or]~~ more~~[, and in~~
18 ~~those cases,]~~ than one year; provided further that for any lease
19 or sublease that is subject to this chapter, including (where
20 appropriate) those cases where the lease has been extended or
21 amended, the tax in this chapter shall be based on the cash



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


8 SECTION 2. This Act does not affect rights and duties that
 9 matured, penalties that were incurred, and proceedings that were
 10 begun before its effective date.

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 Statutory material to be repealed is bracketed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

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

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INTRODUCED BY:

Theresa Lettice
Michelle D. Stidani

~~AC. Keith-Agnew~~

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Report Title:

Taxation; Conveyance Tax; Realty; Leases

Description:

Amends the exemption from conveyance tax for realty leases of less than 5 years by applying the exemption only to residential leases of 1 year or less.

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