
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 one of the main
2 issues facing residents of Hawaii is the cost of housing. Hawaii
3 remains near the top of the list of states with the highest cost
4 of living, and in 2021 the median sales price for a home on Oahu
5 was over one million dollars.

6 The legislature further finds that due to Hawaii's unique
7 location, the local real estate market has an abundance of
8 foreign buyers and investors. This has contributed to both the
9 high price of the cost of housing in the state, as well as the
10 scarcity of homes and apartments for sale.

11 The purpose of this Act is to address the housing crisis by
12 offering a tax credit for sellers of real estate if the buyer is
13 a resident of Hawaii, as well as a tax credit for buyers of real
14 estate if they are full-time residents who spend more than ten
15 months of every calendar year residing at one location in the
16 state.



SECTION 2. Section 236D-3, Hawaii Revised Statutes, is amended to read as follows: " [§236D-3] **Residents; tax imposed; credit for tax paid other state.** (a) A tax in an amount ~~[equal to the federal credit]~~ which is ten percent less than the federal credit is imposed on the transfer of the taxable estate of every resident.

(b) If any property of a resident is subject to a death tax imposed by another state for which a credit is allowed by section 2011; and, if the tax imposed by the other state is not qualified by a reciprocal provision allowing the property to be taxed in the state of decedent's domicile, the amount of the tax due under this section shall be credited with the lesser of:

(1) The amount of the death tax paid the other state and credited against the federal estate tax; or

(2) An amount computed by multiplying the federal credit by a fraction, the numerator of which is the value of the property subject to the death tax imposed by the other state, and the denominator of which is the value of the decedent's gross estate. "

SECTION 3. Section 236D-4.5, Hawaii Revised Statutes, is amended to read as follows" [§236D-4.5] **Nonresidents not**



1 citizens; tax imposed; exemption. (a) A tax in an amount
2 computed as provided in this section, plus an additional thirty
3 percent of the total computed tax value, is imposed on the
4 noncitizen transfer of the taxable estate located in Hawaii of
5 every nonresident decedent who was not a citizen at the time of
6 their death.

7 (b) The tax shall be computed by multiplying the federal
8 credit by a fraction, the numerator of which is the value of the
9 property with a situs in Hawaii, and the denominator of which is
10 the value of the decedent's gross estate. This value shall then
11 be multiplied by a factor of 1.30 in order to compute the total
12 value of the tax to be assessed.

13 (c) The noncitizen transfer of the property of a
14 nonresident not a citizen is exempt from the tax imposed by this
15 section to the extent that the property of residents is exempt
16 from taxation under the laws of the state in which the
17 nonresident not a citizen is domiciled; except that the
18 following shall be subject to tax under this section:

- 19 (1) Real property having an actual situs in this State,
20 whether or not held in a trust the corpus of which is



1 included in a decedent's gross estate for federal
2 estate tax purposes;

3 (2) A beneficial interest in a land trust that owns real
4 property located in the State; and

5 (3) Tangible and intangible personal property having a
6 situs in this State.

7 (d) "Situs" as used in this section means the location of
8 a decedent's property within the meaning of section 2104 of the
9 Internal Revenue Code, including regulations and other guidance
10 issued thereunder, substituting "Hawaii" for "the United
11 States".

12 SECTION 4. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 5. This Act shall take effect on July 1, 2022.

INTRODUCED BY:

Val Okeu

JAN 20 2022



H.B. NO. 2509

Report Title:

Housing; Tax Credits.

Description:

Creates an increase in real estate transfer tax on nonresident noncitizens. Creates a tax credit for real estate transfer for residents of Hawaii.

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