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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. Section 235-68, Hawaii Revised Statutes, is  
2 amended by amending subsections (a) and (b) to read as follows:

3           "**§235-68 Withholding of tax on the disposition of real**  
4 **property by nonresident persons.** (a) As used in this section:

5           "Nonresident person" means every person other than a  
6 resident person.

7           "Property" or "real property" has the meaning as the same  
8 term is defined in section 231-1.

9           "Resident person" means any:

- 10           (1) Individual included in the definition of resident in  
11           section 235-1;
- 12           (2) Corporation incorporated or granted a certificate of  
13           authority under chapter 414, 414D, or 415A;
- 14           (3) Partnership formed or registered under chapter 425 or  
15           425E;
- 16           (4) Foreign partnership qualified to transact business  
17           pursuant to chapter 425 or 425E;



1 (5) Limited liability company formed under chapter 428 or  
2 any foreign limited liability company registered under  
3 chapter 428; provided that if a single member limited  
4 liability company has not elected to be taxed as a  
5 corporation, the single member limited liability  
6 company shall be disregarded for purposes of this  
7 section and this section shall be applied as if the  
8 sole member is the transferor;

9 (6) Limited liability partnership formed under chapter  
10 425;

11 (7) Foreign limited liability partnership qualified to  
12 transact business under chapter 425;

13 (8) Trust included in the definition of resident trust in  
14 section 235-1; or

15 (9) Estate included in the definition of resident estate  
16 in section 235-1.

17 "Residential real property" means fee simple or leasehold  
18 real property upon which is situated:

19 (1) From one to four dwelling units; or

20 (2) A residential condominium or cooperative apartment, the  
21 primary use of which is occupancy as a resident by any natural



1 person or persons, regardless of whether the property owner  
2 resides on the property.

3 "Transferee" means any person, the State and the counties  
4 and their respective subdivisions, agencies, authorities, and  
5 boards, acquiring real property which is located in Hawaii.

6 "Transferor" means any person disposing real property that  
7 is located in Hawaii.

8 (b) Unless otherwise provided in this section, every  
9 transferee shall deduct and withhold a tax equal to 7.25 per  
10 cent of the amount realized on the disposition of Hawaii real  
11 property [~~-~~]; provided that, if the retail property being  
12 disposed of is residential real property, the transferee shall  
13 instead deduct and withhold a tax equal to seventy-five per cent  
14 of the amount realized on the disposition of the Hawaii real  
15 property.

16 Every person required to withhold a tax under this section  
17 is made liable for the tax and is relieved of liability for or  
18 upon the claim or demand of any other person for the amount of  
19 any payments to the department made in accordance with this  
20 section."




# H.B. NO. 890

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

3 SECTION 3. This Act shall take effect upon its approval.  
4  
5

INTRODUCED BY:

  
JAN 23 2023



# H.B. NO. 890

**Report Title:**

Hawaii Real Property Tax Law; Income Taxation; Residential Real Property; Nonresidents

**Description:**

Amends the taxes withheld on the amount realized by nonresidents from the disposition of Hawaii residential real property from 7.25% to 75%. Applies to real estate dispositions that occur on or after 9/15/2023.

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

