
A BILL FOR AN ACT

RELATING TO CONVEYANCE TAX.

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

1 SECTION 1. Chapter 346, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§346- Homeless services fund. (a) There is
5 established within the state treasury a homeless services fund,
6 into which shall be deposited:

7 (1) Ten per cent of the conveyance tax collected and
8 allocated to the homeless services fund as provided by
9 section 247-7; and

10 (2) Appropriations made by the legislature to the fund.

11 (b) Moneys from any other private or public source may be
12 deposited in or credited to the fund; provided that mandates,
13 regulations, or conditions on these funds do not conflict with
14 the use of the fund under this section. Moneys received as a
15 deposit or private contribution shall be deposited, used, and
16 accounted for in accordance with the conditions established by
17 the agency or person making the contribution.



1 (c) The homeless services fund shall be administered and
 2 managed by the department. Moneys in the homeless services fund
 3 shall be expended for homeless services and supportive housing,
 4 including homeless facilities programs for the homeless
 5 authorized by the department.

6 (d) The department shall submit an annual report to the
 7 legislature no later than twenty days before the convening of
 8 each regular session. The report shall include, at a minimum, a
 9 detailed account of all funds received and all moneys disbursed
 10 out of the homeless services fund."

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

13 "**§247-2 Basis and rate of tax.** The tax imposed by section
 14 247-1 shall be based on the actual and full consideration
 15 (whether cash or otherwise, including any promise, act,
 16 forbearance, property interest, value, gain, advantage, benefit,
 17 or profit), paid or to be paid for all transfers or conveyance
 18 of realty or any interest therein, that shall include any liens
 19 or encumbrances thereon at the time of sale, lease, sublease,
 20 assignment, transfer, or conveyance, and shall be at the
 21 following rates:



- 1 (1) Except as provided in paragraph (2):
- 2 (A) Ten cents per \$100 for properties with a value of
- 3 less than \$600,000;
- 4 (B) Twenty cents per \$100 for properties with a value
- 5 of at least \$600,000, but less than \$1,000,000;
- 6 (C) Thirty cents per \$100 for properties with a value
- 7 of at least \$1,000,000, but less than
- 8 ~~[\$2,000,000,]~~ \$1,500,000;
- 9 (D) Fifty cents per \$100 for properties with a value
- 10 of at least ~~[\$2,000,000,]~~ \$1,500,000, but less
- 11 than ~~[\$4,000,000,]~~ \$2,000,000;
- 12 (E) Seventy cents per \$100 for properties with a
- 13 value of at least ~~[\$4,000,000,]~~ \$2,000,000, but
- 14 less than ~~[\$6,000,000,]~~ \$4,000,000;
- 15 (F) ~~[Ninety cents]~~ One dollar per \$100 for properties
- 16 with a value of at least ~~[\$6,000,000,]~~
- 17 \$4,000,000, but less than ~~[\$10,000,000, and]~~
- 18 \$6,000,000;
- 19 (G) One dollar and fifty cents per \$100 for
- 20 properties with a value of at least \$6,000,000,
- 21 but less than \$10,000,000 ~~[or greater];~~ ~~[and]~~



1 (H) Three dollars per \$100 for properties with a
2 value of at least \$10,000,000, but less than
3 \$14,000,000;

4 (I) Five dollars per \$100 for properties with a value
5 of at least \$14,000,000, but less than
6 \$19,000,000;

7 (J) Eight dollars per \$100 for properties with a
8 value of at least \$19,000,000, but less than
9 \$24,000,000; and

10 (K) Ten dollars per \$100 for properties with a value
11 of \$24,000,000 or greater; and

12 (2) For the sale of a condominium or single family
13 residence for which the purchaser is ineligible for a
14 county homeowner's exemption on property tax:

15 (A) Fifteen cents per \$100 for properties with a
16 value of less than \$600,000;

17 (B) Twenty-five cents per \$100 for properties with a
18 value of at least \$600,000, but less than
19 \$1,000,000;



- 1 (C) Forty cents per \$100 for properties with a value
2 of at least \$1,000,000, but less than
3 [~~\$2,000,000,~~] \$1,500,000;
- 4 (D) [~~Sixty~~] Seventy-five cents per \$100 for
5 properties with a value of at least [~~\$2,000,000,~~]
6 \$1,500,000, but less than [~~\$4,000,000,~~]
7 \$2,000,000;
- 8 (E) [~~Eighty-five~~] One dollar and fifteen cents per
9 \$100 for properties with a value of at least
10 [~~\$4,000,000,~~] \$2,000,000, but less than
11 [~~\$6,000,000,~~] \$4,000,000;
- 12 (F) [~~One dollar and ten cents~~] Two dollars per \$100
13 for properties with a value of at least
14 [~~\$6,000,000,~~] \$4,000,000, but less than
15 [~~\$10,000,000,~~] \$6,000,000; [and]
- 16 (G) [~~One dollar and twenty-five cents~~] Three dollars
17 per \$100 for properties with a value of at least
18 \$6,000,000, but less than \$10,000,000 [~~or~~
19 greater,];



1 (H) Four dollars per \$100 for properties with a value
2 of at least \$10,000,000, but less than
3 \$14,000,000;

4 (I) Seven dollars per \$100 for properties with a
5 value of at least \$14,000,000, but less than
6 \$19,000,000;

7 (J) Ten dollars per \$100 for properties with a value
8 of at least \$19,000,000, but less than
9 \$24,000,000; and

10 (K) Twelve dollars per \$100 for properties with a
11 value of \$24,000,000 or greater,

12 of [~~such~~] the actual and full consideration; provided that in
13 the case of a lease or sublease, this chapter shall apply only
14 to a lease or sublease whose full, unexpired term is for a
15 period of five years or more, and in those cases, including
16 (where appropriate) those cases where the lease has been
17 extended or amended, the tax in this chapter shall be based on
18 the cash value of the lease rentals discounted to present day
19 value and capitalized at the rate of six per cent, plus the
20 actual and full consideration paid or to be paid for any and all
21 improvements, if any, that shall include on-site as well as off-



1 site improvements, applicable to the leased premises; [~~and~~]
2 provided further that the tax imposed for each transaction shall
3 be [~~not~~] no less than \$1."

4 SECTION 3. Section 247-3, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "**§247-3 Exemptions.** The tax imposed by section 247-1
7 shall not apply to:

- 8 (1) Any document or instrument that is executed prior to
9 January 1, 1967;
- 10 (2) Any document or instrument that is given to secure a
11 debt or obligation;
- 12 (3) Any document or instrument that only confirms or
13 corrects a deed, lease, sublease, assignment,
14 transfer, or conveyance previously recorded or filed;
- 15 (4) Any document or instrument between husband and wife,
16 reciprocal beneficiaries, or parent and child, in
17 which only a nominal consideration is paid;
- 18 (5) Any document or instrument in which there is a
19 consideration of \$100 or less paid or to be paid;
- 20 (6) Any document or instrument conveying real property
21 that is executed pursuant to an agreement of sale, and



1 where applicable, any assignment of the agreement of
2 sale, or assignments thereof; provided that the taxes
3 under this chapter have been fully paid upon the
4 agreement of sale, and where applicable, upon [~~such~~]
5 the assignment or assignments of agreements of sale;

6 (7) Any deed, lease, sublease, assignment of lease,
7 agreement of sale, assignment of agreement of sale,
8 instrument or writing in which the United States or
9 any agency or instrumentality thereof or the State or
10 any agency, instrumentality, or governmental or
11 political subdivision thereof are the only parties
12 thereto;

13 (8) Any document or instrument executed pursuant to a tax
14 sale conducted by the United States or any agency or
15 instrumentality thereof or the State or any agency,
16 instrumentality, or governmental or political
17 subdivision thereof for delinquent taxes or
18 assessments;

19 (9) Any document or instrument conveying real property to
20 the United States or any agency or instrumentality
21 thereof or the State or any agency, instrumentality,



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



- 1 (14) Any document or instrument conveying real property
2 from a grantor to the grantor's revocable living
3 trust, or from a grantor's revocable living trust to
4 the grantor as beneficiary of the trust;
- 5 (15) Any document or instrument conveying real property, or
6 any interest therein, from an entity that is a party
7 to a merger or consolidation under chapter 414, 414D,
8 415A, 421, 421C, 425, 425E, or 428 to the surviving or
9 new entity;
- 10 (16) Any document or instrument conveying real property, or
11 any interest therein, from a dissolving limited
12 partnership to its corporate general partner that
13 owns, directly or indirectly, at least a ninety per
14 cent interest in the partnership, determined by
15 applying section 318 (with respect to constructive
16 ownership of stock) of the federal Internal Revenue
17 Code of 1986, as amended, to the constructive
18 ownership of interests in the partnership; [~~and~~
19 +](17) [+]
20 Any document or instrument that conforms to the
21 transfer on death deed as authorized under chapter
 527[-];



1 (18) Any document or instrument conveying real property for
 2 the development or acquisition of affordable housing
 3 for qualified persons and subject to a government
 4 assistance program approved and certified by the
 5 Hawaii housing finance and development corporation and
 6 administered or operated by the corporation, or any of
 7 its instrumentalities, corporate or otherwise;
 8 provided that:

9 (A) If the real property is not developed or acquired
 10 for affordable housing pursuant to this
 11 paragraph; or

12 (B) If the affordable housing developed or acquired
 13 pursuant to this paragraph is not retained,
 14 the exemption shall not apply, and the tax imposed by
 15 section 247-1 shall be levied pursuant to law. As
 16 used in this paragraph:

17 "Affordable housing" has the same meaning as in
 18 section 201H-57.

19 "Qualified person" means an individual who has no
 20 ownership interest in any real property;



1 (19) Any document or instrument conveying real property
2 with a value of less than \$2,000,000 to first-time
3 homebuyers who:

4 (A) Have resided in the State for at least five
5 years; and

6 (B) Will occupy the real property as their primary
7 residence; and

8 (20) Any document or instrument conveying real property to
9 a nonprofit organization that:

10 (A) Is exempt from the federal income tax by the
11 Internal Revenue Service; and

12 (B) Will hold the property in an undeveloped state
13 and for conservation purposes in perpetuity."

14 SECTION 4. Section 247-7, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§247-7 Disposition of taxes.** All taxes collected under
17 this chapter shall be paid into the state treasury to the credit
18 of the general fund of the State, to be used and expended for
19 the purposes for which the general fund was created and exists
20 by law; provided that of the taxes collected each fiscal year:



- 1 (1) Ten per cent [~~or \$5,100,000, whichever is less,~~] shall
2 be paid into the land conservation fund established
3 pursuant to section 173A-5; and
- 4 (2) Fifty per cent [~~or \$38,000,000, whichever is less,~~]
5 shall be paid into the rental housing revolving fund
6 established by section 201H-202[~~+~~]; and
- 7 (3) Ten per cent shall be paid into the homeless services
8 fund established pursuant to section 346- ."

9 SECTION 5. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 6. This Act shall take effect on June 30, 3000.

12



Report Title:

Conveyance Tax Rates and Exemptions; Homeless Services Fund;
Land Conservation Fund; Rental Housing Revolving Fund;
Allocations

Description:

Increases the conveyance tax rate for certain properties.
Exempts conveyances of certain real property from the conveyance
tax. Establishes the homeless services fund. Eliminates the
cap on the amount of conveyance tax collections allocated to the
land conservation fund and rental housing revolving fund.
Allocates ten percent of conveyance tax collections to the
homeless services fund. Effective 6/30/3000. (HD1)

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not legislation or evidence of legislative intent.*

