
A BILL FOR AN ACT

RELATING TO THE CONVEYANCE TAX.

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

1 SECTION 1. The legislature finds that homes are in short
2 supply across Hawaii and the need for affordable housing on all
3 islands is dire. The legislature further finds that when
4 foreign buyers purchase homes in the State and simply leave them
5 vacant, it exacerbates the dearth of housing available to
6 residents. In addition, the legislature finds that by making it
7 less attractive for foreign buyers to purchase and then re-sell
8 homes as short-term investments, residents will have greater
9 access to housing.

10 Therefore, the purpose of this Act is to amend the
11 conveyance tax by adding a fee schedule for properties that are
12 sold by foreign entities or non-resident foreign nationals.

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

15 "**§247-2 Basis and rate of tax.** The tax imposed by section
16 247-1 shall be based on the actual and full consideration
17 (whether cash or otherwise, including any promise, act,



1 forbearance, property interest, value, gain, advantage, benefit,
2 or profit), paid or to be paid for all transfers or conveyance
3 of realty or any interest therein, that shall include any liens
4 or encumbrances thereon at the time of sale, lease, sublease,
5 assignment, transfer, or conveyance, and shall be at the
6 following rates:

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



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- 1 (G) One dollar per \$100 for properties with a value
2 of \$10,000,000 or greater; [and]
- 3 (2) For the sale of a condominium or single family
4 residence for which the purchaser is ineligible for a
5 county homeowner's exemption on property tax:
- 6 (A) Fifteen cents per \$100 for properties with a
7 value of less than \$600,000;
- 8 (B) Twenty-five cents per \$100 for properties with a
9 value of at least \$600,000, but less than
10 \$1,000,000;
- 11 (C) Forty cents per \$100 for properties with a value
12 of at least \$1,000,000, but less than \$2,000,000;
- 13 (D) Sixty cents per \$100 for properties with a value
14 of at least \$2,000,000, but less than \$4,000,000;
- 15 (E) Eighty-five cents per \$100 for properties with a
16 value of at least \$4,000,000, but less than
17 \$6,000,000;
- 18 (F) One dollar and ten cents per \$100 for properties
19 with a value of at least \$6,000,000, but less
20 than \$10,000,000; and



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- 1 (G) One dollar and twenty-five cents per \$100 for
2 properties with a value of \$10,000,000 or
3 greater[7]; and
- 4 (3) For the sale of a condominium or single family
5 residence for which the seller is:
- 6 (A) A foreign entity; or
- 7 (B) A foreign national who has not claimed a county
8 homeowner's exemption on property tax for each of
9 the five years immediately preceding the sale:
- 10 (i) Thirty cents per \$100 for properties with a
11 value of less than \$600,000;
- 12 (ii) Fifty cents per \$100 for properties with a
13 value of at least \$600,000, but less than
14 \$1,000,000;
- 15 (iii) Eighty cents per \$100 for properties with a
16 value of at least \$1,000,000, but less than
17 \$2,000,000;
- 18 (iv) One dollar and twenty cents per \$100 for
19 properties with a value of at least
20 \$2,000,000, but less than \$4,000,000;



1 (v) One dollar and seventy cents per \$100 for
2 properties with a value of at least
3 \$4,000,000, but less than \$6,000,000;
4 (vi) Two dollars and twenty cents per \$100 for
5 properties with a value of at least
6 \$6,000,000, but less than \$10,000,000; and
7 (vii) Two and fifty cents per \$100 for properties
8 with a value of \$10,000,000 or greater,
9 of such actual and full consideration; provided that in the case
10 of a lease or sublease, this chapter shall apply only to a lease
11 or sublease whose full unexpired term is for a period of five
12 years or more, and in those cases, including (where appropriate)
13 those cases where the lease has been extended or amended, the
14 tax in this chapter shall be based on the cash value of the
15 lease rentals discounted to present day value and capitalized at
16 the rate of six per cent, plus the actual and full consideration
17 paid or to be paid for any and all improvements, if any, that
18 shall include on-site as well as off-site improvements,
19 applicable to the leased premises; and provided further that the
20 tax imposed for each transaction shall be not less than \$1."



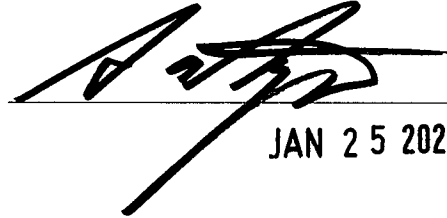
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1 SECTION 3. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect on July 1, 2023.

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INTRODUCED BY:



JAN 25 2023



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Report Title:

Conveyance Tax; Fee Schedule; Properties Sold by Foreign Entities or Non-resident Foreign Nationals

Description:

Amends the conveyance tax by adding a fee schedule for properties that are sold by foreign entities or non-resident foreign nationals.

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