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# A BILL FOR AN ACT

RELATING TO THE 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)÷~~] paragraphs (2)  
13           and (3):

14           (A) [~~Ten cents per \$100 for~~] For properties with a  
15           value of less than \$600,000[÷]:                   cents per  
16           \$100;



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



- 1            (I) For properties with a value of at least
- 2                            \$18,000,000, but less than \$22,000,000:
- 3                            \$ \_\_\_\_\_ per \$100;
- 4            (J) For properties with a value of at least
- 5                            \$22,000,000, but less than \$26,000,000:
- 6                            \$ \_\_\_\_\_ per \$100; and
- 7            (K) For properties with a value of \$26,000,000 or
- 8                            greater: \$ \_\_\_\_\_ per \$100;
- 9            (2) For the sale of a multifamily residential property:
- 10           (A) For properties with a value of less than
- 11                            \$600,000: \_\_\_\_\_ cents per \$100;
- 12           (B) For properties with a value of at least \$600,000,
- 13                            but less than \$1,000,000: \_\_\_\_\_ cents per \$100;
- 14           (C) For properties with a value of at least
- 15                            \$1,000,000, but less than \$2,000,000: \_\_\_\_\_ cents
- 16                            per \$100;
- 17           (D) For properties with a value of at least
- 18                            \$2,000,000, but less than \$4,000,000: \_\_\_\_\_ cents
- 19                            per \$100;



- 1            (E) For properties with a value of at least
- 2                    \$4,000,000, but less than \$6,000,000:            cents
- 3                    per \$100;
- 4            (F) For properties with a value of at least
- 5                    \$6,000,000, but less than
- 6                    \$10,000,000:            cents per \$100;
- 7            (G) For properties with a value of at least
- 8                    \$10,000,000, but less than \$20,000,000:
- 9                    \$                    per \$100;
- 10           (H) For properties with a value of at least
- 11                    \$20,000,000, but less than \$50,000,000:
- 12                    \$                    per \$100;
- 13           (I) For properties with a value of at least
- 14                    \$50,000,000, but less than \$100,000,000:
- 15                    \$                    per \$100; and
- 16           (J) For properties with a value of \$100,000,000 or
- 17                    greater: \$                    per \$100; and
- 18           [~~+~~2] (3) For the sale of a condominium or single family
- 19                    residence for which the purchaser is ineligible for a
- 20                    county homeowner's exemption on property tax:



- 1 (A) [~~Fifteen cents per \$100 for~~] For properties with
- 2 a value of less than \$600,000 [~~+~~]: \_\_\_\_\_ cents per
- 3 \$100;
- 4 (B) [~~Twenty-five cents per \$100 for~~] For properties
- 5 with a value of at least \$600,000, but less than
- 6 \$1,000,000 [~~+~~]: \_\_\_\_\_ cents per \$100;
- 7 (C) [~~Forty cents per \$100 for~~] For properties with a
- 8 value of at least \$1,000,000, but less than
- 9 \$2,000,000 [~~+~~]: \_\_\_\_\_ cents per \$100;
- 10 (D) [~~Sixty cents per \$100 for~~] For properties with a
- 11 value of at least \$2,000,000, but less than
- 12 \$4,000,000 [~~+~~]: \$ \_\_\_\_\_ per \$100;
- 13 (E) [~~Eighty-five cents per \$100 for~~] For properties
- 14 with a value of at least \$4,000,000, but less
- 15 than \$6,000,000 [~~+~~]: \$ \_\_\_\_\_ per \$100;
- 16 (F) [~~One dollar and ten cents per \$100 for~~] For
- 17 properties with a value of at least \$6,000,000,
- 18 but less than \$10,000,000 [~~+~~and]:
- 19 \$ \_\_\_\_\_ per \$100;
- 20 (G) [~~One dollar and twenty-five cents per \$100 for~~]
- 21 For properties with a value of at least



1                    \$10,000,000 [~~or greater~~], but less than  
2                    \$14,000,000: \$                    per \$100;

3                    (H) For properties with a value of at least  
4                    \$14,000,000, but less than \$18,000,000:  
5                    \$                    per \$100;

6                    (I) For properties with a value of at least  
7                    \$18,000,000, but less than \$22,000,000:  
8                    \$                    per \$100;

9                    (J) For properties with a value of at least  
10                   \$22,000,000, but less than \$26,000,000:  
11                   \$                    per \$100; and

12                   (K) For properties with a value of \$26,000,000 or  
13                   greater: \$                    per \$100,

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



1 cent, plus the actual and full consideration paid or to be paid  
2 for any and all improvements, if any, that shall include on-site  
3 as well as off-site improvements, applicable to the leased  
4 premises; and provided further that the tax imposed for each  
5 transaction shall be [~~not~~] no less than \$1.

6 For purposes of this subsection, "multifamily residential  
7 property" means a structure that is located within the state  
8 urban land use district and divided into five or more dwelling  
9 units."

10 SECTION 2. Section 247-3, Hawaii Revised Statutes, is  
11 amended to read as follows:

12 "**§247-3 Exemptions.** The tax imposed by section 247-1  
13 shall not apply to:

- 14 (1) Any document or instrument that is executed prior to  
15 January 1, 1967;
- 16 (2) Any document or instrument that is given to secure a  
17 debt or obligation;
- 18 (3) Any document or instrument that only confirms or  
19 corrects a deed, lease, sublease, assignment,  
20 transfer, or conveyance previously recorded or filed;



- 1 (4) Any document or instrument between husband and wife,  
2 reciprocal beneficiaries, or parent and child, in  
3 which only a nominal consideration is paid;
- 4 (5) Any document or instrument in which there is a  
5 consideration of \$100 or less paid or to be paid;
- 6 (6) Any document or instrument conveying real property  
7 that is executed pursuant to an agreement of sale, and  
8 where applicable, any assignment of the agreement of  
9 sale, or assignments thereof; provided that the taxes  
10 under this chapter have been fully paid upon the  
11 agreement of sale, and where applicable, upon [~~such~~]  
12 the assignment or assignments of agreements of sale;
- 13 (7) Any deed, lease, sublease, assignment of lease,  
14 agreement of sale, assignment of agreement of sale,  
15 instrument or writing in which the United States or  
16 any agency or instrumentality thereof or the State or  
17 any agency, instrumentality, or governmental or  
18 political subdivision thereof are the only parties  
19 thereto;
- 20 (8) Any document or instrument executed pursuant to a tax  
21 sale conducted by the United States or any agency or





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



1 relationship that is executed pursuant to an order of  
2 the court in the divorce action or termination of  
3 reciprocal beneficiary relationship;

4 (13) Any document or instrument conveying real property  
5 from a testamentary trust to a beneficiary under the  
6 trust;

7 (14) Any document or instrument conveying real property  
8 from a grantor to the grantor's revocable living  
9 trust, or from a grantor's revocable living trust to  
10 the grantor as beneficiary of the trust;

11 (15) Any document or instrument conveying real property, or  
12 any interest therein, from an entity that is a party  
13 to a merger or consolidation under chapter 414, 414D,  
14 415A, 421, 421C, 425, 425E, or 428 to the surviving or  
15 new entity;

16 (16) Any document or instrument conveying real property, or  
17 any interest therein, from a dissolving limited  
18 partnership to its corporate general partner that  
19 owns, directly or indirectly, at least a ninety per  
20 cent interest in the partnership, determined by  
21 applying section 318 (with respect to constructive



1 ownership of stock) of the federal Internal Revenue  
 2 Code of 1986, as amended, to the constructive  
 3 ownership of interests in the partnership; ~~and~~  
 4 ~~+~~(17)~~+~~ Any document or instrument that conforms to the  
 5 transfer on death deed as authorized under chapter  
 6 527~~-~~; and  
 7 (18) Any document or instrument conveying real property to  
 8 an individual who is an owner-occupant or renter-  
 9 occupant of the property; provided the individual does  
 10 not have a direct or indirect ownership interest in  
 11 any other real property, including through ownership  
 12 interest in a trust, partnership, corporation, limited  
 13 liability company, or other entity."

14 SECTION 3. 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 dwelling unit  
8           revolving fund established pursuant to section 201H-  
9           191 for the purposes of funding infrastructure  
10           programs in transit-oriented development areas."

11           SECTION 4. This Act does not affect rights and duties that  
12           matured, penalties that were incurred, and proceedings that were  
13           began before its effective date.

14           SECTION 5. Statutory material to be repealed is bracketed  
15           and stricken. New statutory material is underscored.

16           SECTION 6. This Act shall take effect on July 1, 3000.



**Report Title:**

Conveyance Tax Rates and Exemptions; Multifamily Residential Properties; Land Conservation Fund; Rental Housing Revolving Fund; Dwelling Unit Revolving Fund; Allocations

**Description:**

Amends the conveyance tax rate for certain properties. Exempts conveyances of certain real property from the conveyance tax. Establishes a new conveyance tax rate for multifamily residential properties. 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 Dwelling Unit Revolving Fund for the purpose of funding infrastructure programs in transit-oriented development areas. Effective 7/1/3000. (HD2)

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