

JAN 20 2023

---

# 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):

13                   (A) [~~Ten cents per \$100 for~~] For properties with a  
14 value of less than \$600,000[+]: 10 cents per  
15 \$100;



# S.B. NO. 362

- 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[+]: 20 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[+]: 30 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[+]: 50 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[+]: 70 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[+]: 90 cents per \$100; and
- 16 (G) [~~One dollar per \$100 for~~] For properties with a  
17 value of \$10,000,000 or greater[+]: \$1 per \$100;  
18 and
- 19 (2) For the sale of a condominium or single family  
20 residence for which the purchaser is ineligible for a  
21 county homeowner's exemption on property tax:

# S.B. NO. 362

- 1 (A) [~~Fifteen cents per \$100 for~~] For properties with  
2 a value of less than \$600,000[+]: 15 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[+]: 25 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[+]: 40 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[+]: \$1.20 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[+]: \$1.70 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[+]: \$2.20 per \$100;  
19 and



1 (G) [~~One dollar and twenty-five cents per \$100 for~~  
2 For properties with a value of \$10,000,000 or  
3 greater~~[7]~~: \$2.50 per \$100,  
4 of [~~such~~] the actual and full consideration; provided that in  
5 the case of a lease or sublease, this chapter shall apply only  
6 to a lease or sublease whose full unexpired term is for a period  
7 of five years or more~~[, and in those cases, including (where~~  
8 ~~appropriate) those cases where the]~~; provided further that if a  
9 lease has been extended or amended, the tax in this chapter  
10 shall be based on the cash value of the lease rentals discounted  
11 to present day value and capitalized at the rate of six per  
12 cent, plus the actual and full consideration paid or to be paid  
13 for any and all improvements, if any, that shall include on-site  
14 as well as off-site improvements, applicable to the leased  
15 premises; and provided further that the tax imposed for each  
16 transaction shall be not less than \$1."

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

19 "**§247-3 Exemptions.** The tax imposed by section 247-1  
20 shall not apply to:



- 1           (1) Any document or instrument that is executed prior to  
2                    January 1, 1967;
- 3           (2) Any document or instrument that is given to secure a  
4                    debt or obligation;
- 5           (3) Any document or instrument that only confirms or  
6                    corrects a deed, lease, sublease, assignment,  
7                    transfer, or conveyance previously recorded or filed;
- 8           (4) Any document or instrument between husband and wife,  
9                    reciprocal beneficiaries, or parent and child, in  
10                  which only a nominal consideration is paid;
- 11          (5) Any document or instrument in which there is a  
12                  consideration of \$100 or less paid or to be paid;
- 13          (6) Any document or instrument conveying real property  
14                  that is executed pursuant to an agreement of sale, and  
15                  where applicable, any assignment of the agreement of  
16                  sale, or assignments thereof; provided that the taxes  
17                  under this chapter have been fully paid upon the  
18                  agreement of sale, and where applicable, upon [~~such~~]  
19                  the assignment or assignments of agreements of sale;
- 20          (7) Any deed, lease, sublease, assignment of lease,  
21                  agreement of sale, assignment of agreement of sale,



1 instrument or writing in which the United States or  
2 any agency or instrumentality thereof or the State or  
3 any agency, instrumentality, or governmental or  
4 political subdivision thereof are the only parties  
5 thereto;

6 (8) Any document or instrument executed pursuant to a tax  
7 sale conducted by the United States or any agency or  
8 instrumentality thereof or the State or any agency,  
9 instrumentality, or governmental or political  
10 subdivision thereof for delinquent taxes or  
11 assessments;

12 (9) Any document or instrument conveying real property to  
13 the United States or any agency or instrumentality  
14 thereof or the State or any agency, instrumentality,  
15 or governmental or political subdivision thereof  
16 pursuant to the threat of the exercise or the exercise  
17 of the power of eminent domain;

18 (10) Any document or instrument that solely conveys or  
19 grants an easement or easements;

20 (11) Any document or instrument whereby owners partition  
21 their property, whether by mutual agreement or



1           judicial action; provided that the value of each  
2           owner's interest in the property after partition is  
3           equal in value to that owner's interest before  
4           partition;

5           (12) Any document or instrument between marital partners or  
6           reciprocal beneficiaries who are parties to a divorce  
7           action or termination of reciprocal beneficiary  
8           relationship that is executed pursuant to an order of  
9           the court in the divorce action or termination of  
10          reciprocal beneficiary relationship;

11          (13) Any document or instrument conveying real property  
12          from a testamentary trust to a beneficiary under the  
13          trust;

14          (14) Any document or instrument conveying real property  
15          from a grantor to the grantor's revocable living  
16          trust, or from a grantor's revocable living trust to  
17          the grantor as beneficiary of the trust;

18          (15) Any document or instrument conveying real property, or  
19          any interest therein, from an entity that is a party  
20          to a merger or consolidation under chapter 414, 414D,



- 1           415A, 421, 421C, 425, 425E, or 428 to the surviving or  
2           new entity;
- 3       (16) Any document or instrument conveying real property, or  
4           any interest therein, from a dissolving limited  
5           partnership to its corporate general partner that  
6           owns, directly or indirectly, at least a ninety per  
7           cent interest in the partnership, determined by  
8           applying section 318 (with respect to constructive  
9           ownership of stock) of the federal Internal Revenue  
10          Code of 1986, as amended, to the constructive  
11          ownership of interests in the partnership; [~~and~~  
12        +] (17) [+] Any document or instrument that conforms to the  
13          transfer on death deed as authorized under chapter  
14          527[~~-~~]; and
- 15       (18) Any document or instrument conveying real property for  
16       the development or acquisition of affordable housing  
17       for qualified persons and subject to a government  
18       assistance program approved and certified by the  
19       Hawaii housing finance and development corporation and  
20       administered or operated by the corporation, or any of



1           its instrumentalities, corporate or otherwise. For  
2           purposes of this paragraph:

3                   "Affordable housing" has the same meaning as in  
4           section 201H-57.

5                   "Qualified person" means an individual who has no  
6           ownership interest in any real property."

7           SECTION 3. Section 247-7, Hawaii Revised Statutes, is  
8 amended to read as follows:

9           **"§247-7 Disposition of taxes.** All taxes collected under  
10 this chapter shall be paid into the state treasury to the credit  
11 of the general fund of the State, to be used and expended for  
12 the purposes for which the general fund was created and exists  
13 by law; provided that of the taxes collected each fiscal year:

14           (1) Ten per cent or \$5,100,000, whichever is less, shall  
15           be paid into the land conservation fund established  
16           pursuant to section 173A-5; and

17           (2) Fifty per cent [~~or \$38,000,000, whichever is less,~~]  
18           shall be paid into the rental housing revolving fund  
19           established by section 201H-202."

20           SECTION 4. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on January 1, 2024.

2

INTRODUCED BY: 



# S.B. NO. 362

**Report Title:**

Conveyance Tax; Rate; Disposition; Affordable Housing Exemption;  
Rental Housing Revolving Fund

**Description:**

Increases the rate of conveyance tax for condominiums and single family residences ineligible for a county homeowner's exemption with a value of at least \$2,000,000. Exempts from the conveyance tax documents and instruments conveying real property subject to a government assistance program approved and certified by the Hawaii housing finance and development corporation and used for the provision of affordable housing for qualified persons in the State. Removes maximum dollar amount of conveyance tax revenues that are to be paid into the rental housing revolving fund each fiscal year. Effective 1/1/2024.

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

