
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 purpose of this Act is to:

2 (1) Temporarily reduce the distribution of portions of the
3 conveyance tax to the land conservation fund, the
4 rental housing trust fund, and the natural area
5 reserve fund; and

6 (2) Modestly increase the rate of the conveyance tax on
7 sales of properties exceeding \$1,000,000 and second
8 home purchases.

9 SECTION 2. Section 173A-5, Hawaii Revised Statutes, is
10 amended by amending subsection (d) to read as follows:

11 "(d) ~~[Ten per cent]~~ The appropriate percentage identified
12 under section 247-7 of all taxes imposed and collected ~~[by~~
13 ~~section 247-1]~~ under chapter 247 shall be deposited in or
14 credited to the fund every fiscal year."

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

17 "**§247-2 Basis and rate of tax.** The tax imposed by section
18 247-1 shall be based on the actual and full consideration

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

8 (1) Except as provided in paragraph (2):

9 (A) Ten cents per \$100 for properties with a value of
10 less than \$600,000;

11 (B) Twenty cents per \$100 for properties with a value
12 of at least \$600,000, but less than \$1,000,000;
13 [~~and~~]

14 (C) Thirty cents per \$100 for properties with a value
15 of at least \$1,000,000 [~~or greater; and~~], but
16 less than \$2,000,000;

17 (D) Fifty cents per \$100 for properties with a value
18 of at least \$2,000,000, but less than \$4,000,000;

19 (E) Seventy cents per \$100 for properties with a
20 value of at least \$4,000,000, but less than
21 \$6,000,000;

1 (F) Ninety cents per \$100 for properties with a value
2 of at least \$6,000,000, but less than
3 \$10,000,000; and

4 (G) One hundred cents (\$1) per \$100 for properties
5 with a value of \$10,000,000 or greater; and

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

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

11 (B) Twenty-five cents per \$100 for properties with a
12 value of at least \$600,000, but less than
13 \$1,000,000; ~~[and]~~

14 (C) ~~[Thirty-five]~~ Forty cents per \$100 for properties
15 with a value of at least \$1,000,000 ~~[or greater]~~,
16 but less than \$2,000,000;

17 (D) Sixty cents per \$100 for properties with a value
18 of at least \$2,000,000, but less than \$4,000,000;

19 (E) Eighty-five cents per \$100 for properties with a
20 value of at least \$4,000,000, but less than
21 \$6,000,000;

1 (F) One hundred ten cents (\$1.10) per \$100 for
2 properties with a value of at least \$6,000,000,
3 but less than \$10,000,000; and

4 (G) One hundred twenty-five cents (\$1.25) per \$100
5 for properties with a value of \$10,000,000 or
6 greater,

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

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

21 **"§247-7 Disposition of taxes.** All taxes collected under
22 this chapter shall be paid into the state treasury to the credit

1 of the general fund of the State, to be used and expended for
2 the purposes for which the general fund was created and exists
3 by law; provided that of the taxes collected each fiscal year:

4 (1) ~~[Ten]~~ Five per cent from July 1, 2009, until June 30,
5 2012, and ten per cent in each fiscal year thereafter
6 shall be paid into the land conservation fund
7 established pursuant to section 173A-5;

8 (2) ~~[Thirty]~~ Twenty-five per cent from July 1, 2009, until
9 June 30, 2012, and thirty per cent in each fiscal year
10 thereafter shall be paid into the rental housing trust
11 fund established by section 201H-202; and

12 (3) ~~[Twenty-five]~~ Twenty per cent from July 1, 2009, until
13 June 30, 2012, and twenty-five per cent in each fiscal
14 year thereafter shall be paid into the natural area
15 reserve fund established by section 195-9; provided
16 that the funds paid into the natural area reserve fund
17 shall be annually disbursed by the department of land
18 and natural resources in the following priority:

19 (A) To natural area partnership and forest
20 stewardship programs after joint consultation
21 with the forest stewardship committee and the
22 natural area reserves system commission;

1 (B) Projects undertaken in accordance with watershed
2 management plans pursuant to section 171-58 or
3 watershed management plans negotiated with
4 private landowners, and management of the natural
5 area reserves system pursuant to section 195-3;
6 and

7 (C) The youth conservation corps established under
8 chapter 193."

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 July 1, 2050.

Report Title:

Conveyance Tax; Distribution

Description:

Temporarily reduces the distribution of portions of the Conveyance Tax transferred to the Land Conservation Fund, the Rental Housing Trust Fund and the Natural Area Reserve Fund. Increases the conveyance tax rate for certain sales. (SD1)