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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):

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

15           (B) [~~Twenty~~] 20 cents per \$100 for properties with a  
16 value of at least \$600,000, but less than  
17 \$1,000,000;



1 (C) [~~Thirty~~] 30 cents per \$100 for properties with a  
2 value of at least \$1,000,000, but less than  
3 \$2,000,000;

4 (D) [~~Fifty~~] 50 cents per \$100 for properties with a  
5 value of at least \$2,000,000, but less than  
6 \$4,000,000;

7 (E) [~~Seventy~~] 70 cents per \$100 for properties with a  
8 value of at least \$4,000,000, but less than  
9 \$6,000,000;

10 (F) [~~Ninety~~] 90 cents per \$100 for properties with a  
11 value of at least \$6,000,000, but less than  
12 \$10,000,000; and

13 (G) [~~One-dollar~~] \$1 per \$100 for properties with a  
14 value of \$10,000,000 or greater; and

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

18 (A) [~~Fifteen~~] 15 cents per \$100 for properties with a  
19 value of less than \$600,000;



1 (B) [~~Twenty-five~~] 25 cents per \$100 for properties  
2 with a value of at least \$600,000, but less than  
3 \$1,000,000;

4 (C) [~~Forty~~] 40 cents per \$100 for properties with a  
5 value of at least \$1,000,000, but less than  
6 \$2,000,000;

7 (D) [~~Sixty cents~~] \$1 per \$100 for properties with a  
8 value of at least \$2,000,000, but less than  
9 \$4,000,000;

10 (E) [~~Eighty-five cents~~] \$2 per \$100 for properties  
11 with a value of at least \$4,000,000, but less  
12 than \$6,000,000;

13 (F) [~~One dollar and ten cents~~] \$3 per \$100 for  
14 properties with a value of at least \$6,000,000,  
15 but less than \$10,000,000; and

16 (G) [~~One dollar and twenty-five cents~~] \$4 per \$100  
17 for properties with a value of \$10,000,000 or  
18 greater,

19 of [~~such~~] the actual and full consideration; provided that in  
20 the case of a lease or sublease, this chapter shall apply only  
21 to a lease or sublease whose full unexpired term is for a period



1 of five years or more, and in those cases, including (where  
2 appropriate) those cases where the lease has been extended or  
3 amended, the tax in this chapter shall be based on the cash  
4 value of the lease rentals discounted to present day value and  
5 capitalized at the rate of six per cent, plus the actual and  
6 full consideration paid or to be paid for any and all  
7 improvements, if any, that shall include on-site as well as off-  
8 site improvements, applicable to the leased premises; and  
9 provided further that the tax imposed for each transaction shall  
10 be not less than \$1."

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

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

- 15 (1) Any document or instrument that is executed prior to  
16 January 1, 1967;
- 17 (2) Any document or instrument that is given to secure a  
18 debt or obligation;
- 19 (3) Any document or instrument that only confirms or  
20 corrects a deed, lease, sublease, assignment,  
21 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 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



ownership of stock) of the federal Internal Revenue Code of 1986, as amended, to the constructive ownership of interests in the partnership; ~~and~~

[+] (17) [+] Any document or instrument that conforms to the transfer on death deed as authorized under chapter 527 ~~[-]~~; and

(18) Any document or instrument conveying real property subject to a government assistance program qualified by the Hawaii housing finance and development corporation and administered or operated by the State, the corporation, the United States, or any of their political subdivisions, agencies, or instrumentalities, corporate or otherwise, which may be used to effectuate housing development and acquisition for the provision of affordable housing for qualified persons in the State."

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

SECTION 4. This Act shall take effect on January 1, 2050.





**Report Title:**

Conveyance Tax; Investment Property; Affordable Housing

**Description:**

Raises the conveyance tax rates for residential investment properties with a value of at least \$2,000,000. Exempts affordable housing qualified by the Hawaii Housing Finance and Development Corporation from the conveyance tax. (SB2415 HD1)

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

