

JAN 24 2018

A BILL FOR AN ACT

RELATING TO CONVEYANCE TAX.

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

1 SECTION 1. The legislature finds that there is growing
2 concern that housing units in the Hawaii community development
3 authority's Kakaako community development district are not
4 within an "affordable" price range and that units are being
5 purchased for investment purposes. The Kakaako area is still
6 experiencing development growth in a concentrated area. It is
7 critical that units in the Kakaako area either be affordable to
8 Hawaii's families or that affordable units be built to offset
9 higher value units. Despite Hawaii's record low unemployment
10 rates and healthy economy, Hawaii's population fell in 2017 for
11 only the third time since 1959. Home price is cited as one of
12 the leading causes for the population decline and is the main
13 driver of the State's high cost of living.

14 The purpose of this Act is to assess an additional
15 conveyance tax for units in the Kakaako community development
16 district with a value of at least \$1,000,000 and for the



1 proceeds to be used for the development of affordable housing by
2 the Hawaii housing finance and development corporation.

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

5 "§247-2 **Basis and rate of tax.** (a) The tax imposed by
6 section 247-1 shall be based on the actual and full
7 consideration (whether cash or otherwise, including any promise,
8 act, forbearance, property interest, value, gain, advantage,
9 benefit, or profit), paid or to be paid for all transfers or
10 conveyance of realty or any interest therein, that shall include
11 any liens or encumbrances thereon at the time of sale, lease,
12 sublease, assignment, transfer, or conveyance, and shall be at
13 the following rates:

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

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

17 (B) Twenty cents per \$100 for properties with a value
18 of at least \$600,000, but less than \$1,000,000;

19 (C) Thirty cents per \$100 for properties with a value
20 of at least \$1,000,000, but less than \$2,000,000;



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

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

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

(G) One dollar per \$100 for properties with a value of \$10,000,000 or greater; and

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

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

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

(C) Forty cents per \$100 for properties with a value of at least \$1,000,000, but less than \$2,000,000;



1 (D) Sixty cents per \$100 for properties with a value
2 of at least \$2,000,000, but less than \$4,000,000;
3 (E) Eighty-five cents per \$100 for properties with a
4 value of at least \$4,000,000, but less than
5 \$6,000,000;
6 (F) One dollar and ten cents per \$100 for properties
7 with a value of at least \$6,000,000, but less
8 than \$10,000,000; and
9 (G) One dollar and twenty-five cents per \$100 for
10 properties with a value of \$10,000,000 or
11 greater,
12 of such actual and full consideration; provided that in the case
13 of a lease or sublease, this chapter shall apply only to a lease
14 or sublease whose full unexpired term is for a period of five
15 years or more, and in those cases, including (where appropriate)
16 those cases where the lease has been extended or amended, the
17 tax in this chapter shall be based on the cash value of the
18 lease rentals discounted to present day value and capitalized at
19 the rate of six per cent, plus the actual and full consideration
20 paid or to be paid for any and all improvements, if any, that
21 shall include on-site as well as off-site improvements,



applicable to the leased premises; and provided further that the tax imposed for each transaction shall be not less than \$1.



(b) Any unit within the Kakaako community development district boundaries as described under section 206E-32 shall be assessed an additional 50 cents per \$100 for properties with a value of \$1,000,000 or greater in addition to the tax imposed under subsection (a). The proceeds collected pursuant to this subsection shall be provided to the Hawaii housing finance and development corporation for purposes of developing affordable housing units pursuant to part II of chapter 201H."

SECTION 3. This Act, upon approval, shall apply to taxable years beginning after December 31, 2018.

SECTION 4. New statutory material is underscored.

INTRODUCED BY:





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S.B. NO. 3016

Report Title:

Affordable Housing; Kakaako Community Development District;
Conveyance Tax; Hawaii Housing Finance and Development
Corporation

Description:

Assesses an additional conveyance tax of 50 cents per \$100 for units in the Kakaako community development district with a value of at least \$1,000,000. Requires the proceeds to be used for the development of affordable housing by the Hawaii housing finance and development corporation.

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

