

JAN 21 2021

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 247, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:
4 "§247- Surcharge on conveyance of residential property
5 by purchaser. (a) Any condominium or single family residence
6 sold within a period of five years after the date of purchase
7 and for which the owner is ineligible for a county homeowner's
8 exemption on property tax shall be levied a surcharge equal to
9 twenty-five per cent of the net proceeds from the sale.
10 (b) Any person or entity who sells a condominium or single
11 family residence for which the person or entity is ineligible
12 for a county homeowner's exemption on property tax and who sells
13 the property within five years of the purchase shall notify the
14 director of taxation in writing of the purchaser's intention.
15 The notice shall specify the property's address, date of
16 purchase, original purchase price, date of sale, and sale price.
17 Within thirty days after the receipt of the notice, the director



1 of taxation shall notify the person or entity in writing at the
2 specified address the amount of taxes owed under this section,
3 if applicable.

4 (c) The tax imposed by this section shall be paid at such
5 place or places as the director of taxation may direct and shall
6 be due and payable no later than ninety days after the taxable
7 transaction, and in any event prior to the imprinting of the
8 seal or seals as provided by section 247-5. Penalties and
9 interest shall be added to and become a part of the tax, when
10 and as provided by section 231-39.

11 (d) All proceeds from the surcharge shall be deposited
12 into the dwelling unit revolving fund established pursuant to
13 section 201H-191.

14 (e) The surcharge shall not be applicable to a sale under
15 foreclosure by a mortgagee of any lot, or to the transfer of
16 title by a mortgagee after foreclosure or otherwise to any
17 agency of the United States government pursuant to the terms of
18 any insurance or guarantee of mortgage loan by such agency, or
19 to any subsequent purchaser.



1 (f) For purposes of this section, "date of purchase" and
2 "date of sale" means the date of the agreement of sale or deed
3 under which the property was purchased or sold, as applicable."

4 SECTION 2. Section 247-7, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "**§247-7 Disposition of taxes.** [~~All~~] Except as provided
7 under section 247- , all taxes collected under this chapter
8 shall be paid into the state treasury to the credit of the
9 general fund of the State, to be used and expended for the
10 purposes for which the general fund was created and exists by
11 law; provided that of the taxes collected each fiscal year:

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

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

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

20



S.B. NO. 19

1 SECTION 4. This Act shall take effect on July 1, 2021.

2

INTRODUCED BY: 



S.B. NO. 19

Report Title:

Surcharge on the Conveyance of Residential Property; Dwelling Unit Revolving Fund; Flipping Surcharge

Description:

Establishes a surcharge equal to twenty-five per cent of the net proceeds from the sale of certain residential property within a period of five years after the date of purchase if the owner is ineligible for a county homeowner's exemption on property tax.

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

