

JAN 22 2021

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# A BILL FOR AN ACT

RELATING TO HOUSING.

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

1           SECTION 1. The legislature finds that housing costs in  
2 Hawaii are among the highest in the nation. First-time home  
3 buyers find it especially difficult to afford even modest  
4 accommodations, while wealthy investors from around the world  
5 continue to purchase additional homes in the State. Homes have  
6 historically been used as investments. However, investment  
7 opportunity should not come at a significant loss to first-time  
8 home buyers or residents of Hawaii.

9           The legislature further finds that the Hawaii housing  
10 finance and development corporation has financing programs to  
11 help residents with down payments, securing a mortgage, and  
12 rental assistance.

13           The purpose of this Act is to encourage homeownership among  
14 Hawaii residents by:

15           (1) Lowering the conveyance tax rates for properties with  
16               a value under \$2,000,000;



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- 1           (2) Increasing the conveyance tax rates for investment
- 2                           properties; and
- 3           (3) Requiring that a portion of conveyance tax revenues be
- 4                           deposited into the housing finance revolving fund to
- 5                           assist Hawaii housing finance and development
- 6                           corporation financing programs.

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

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

- 18           (1) Except as provided in paragraph (2):
- 19                           (A) [~~Ten~~] Five cents per \$100 for properties with a
- 20   value of less than \$600,000;



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- 1 (B) [~~Twenty~~] Ten cents per \$100 for properties with a
- 2 value of at least \$600,000, but less than
- 3 \$1,000,000;
- 4 (C) [~~Thirty~~] Fifteen cents per \$100 for properties
- 5 with a value of at least \$1,000,000, but less
- 6 than \$2,000,000;
- 7 (D) Fifty cents per \$100 for properties with a value
- 8 of at least \$2,000,000, but less than \$4,000,000;
- 9 (E) Seventy cents per \$100 for properties with a
- 10 value of at least \$4,000,000, but less than
- 11 \$6,000,000;
- 12 (F) Ninety cents per \$100 for properties with a value
- 13 of at least \$6,000,000, but less than
- 14 \$10,000,000; and
- 15 (G) One dollar per \$100 for properties with a value
- 16 of \$10,000,000 or greater; and
- 17 (2) For the sale of a condominium or single family
- 18 residence for which the purchaser is ineligible for a
- 19 county homeowner's exemption on property tax[+]
- 20 ~~(A) Fifteen cents per \$100 for properties with a~~
- 21 ~~value of less than \$600,000;~~



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

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

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

8           ~~(E) Eighty five cents per \$100 for properties with a~~  
9           ~~value of at least \$4,000,000, but less than~~  
10           ~~\$6,000,000;~~

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

14           ~~(G) One dollar and twenty five cents per \$100 for~~  
15           ~~properties with a value of \$10,000,000 or~~  
16           ~~greater], three per cent of the value,~~

17 of such actual and full consideration; provided that in the case  
18 of a lease or sublease, this chapter shall apply only to a lease  
19 or sublease whose full unexpired term is for a period of five  
20 years or more, and in those cases, including (where appropriate)  
21 those cases where the lease has been extended or amended, the



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1 tax in this chapter shall be based on the cash value of the  
2 lease rentals discounted to present day value and capitalized at  
3 the rate of six per cent, plus the actual and full consideration  
4 paid or to be paid for any and all improvements, if any, that  
5 shall include on-site as well as off-site improvements,  
6 applicable to the leased premises; and provided further that the  
7 tax imposed for each transaction shall be not less than \$1."

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

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

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

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



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1        (3)              per cent or \$           , whichever is less, shall  
 2        be paid into the housing finance revolving fund  
 3        established under section 201H-80."

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

6        SECTION 5. This Act shall take effect on January 1, 2022.

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INTRODUCED BY:  \_\_\_\_\_



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**Report Title:**

Conveyance Tax; Housing; Housing Finance Revolving Fund

**Description:**

Lowers conveyance tax rates for properties with a value under \$2,000,000. Increases conveyance tax rates for investment properties. Requires a percentage of conveyance taxes collected to be deposited into the housing finance revolving fund. Effective 1/1/2022.

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

