
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;



- 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;



- 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;~~



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



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 Notwithstanding the provisions in this section, this chapter
9 shall not apply to transfers of real property for affordable
10 housing development and rental properties used exclusively for
11 local residents who occupy the premises as their primary
12 residence."

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

15 "§247-7 Disposition of taxes. All taxes collected under
16 this chapter shall be paid into the state treasury to the credit
17 of the general fund of the State, to be used and expended for
18 the purposes for which the general fund was created and exists
19 by law; provided that of the taxes collected each fiscal year:



- 1 (1) Ten per cent or \$5,100,000, whichever is less, shall
2 be paid into the land conservation fund established
3 pursuant to section 173A-5; [~~and~~]
- 4 (2) Fifty per cent or \$38,000,000, whichever is less,
5 shall be paid into the rental housing revolving fund
6 established by section 201H-202 [~~-~~]; and
- 7 (3) per cent or \$, whichever is less,
8 shall be paid into the housing finance revolving fund
9 established under section 201H-80 on any amounts above
10 the current general fund deposits."

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 Statutory material to be repealed is bracketed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

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



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 with certain exceptions. Requires a percentage of conveyance taxes collected to be deposited into the housing finance revolving fund. Effective 1/1/2022. (SD1)

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

