



1 "Applicable single-family residence" means any  
2 single-family residence that was acquired on or before the  
3 applicable date.

4 "Applicable taxpayer" means a taxpayer, including a  
5 partnership, corporation, trust or other legal entity, that:

6 (1) Manages funds pooled from investors and is a fiduciary  
7 with respect to those investors;

8 (2) Is an asset manager in any of the following asset  
9 classes:

10 (A) Public equity or fixed-income securities;

11 (B) A hedge fund;

12 (C) A fund of hedge funds;

13 (D) Private equity (including venture capital);

14 (E) A fund of private equity funds;

15 (F) A real estate investment fund;

16 (G) A fund of real estate funds; or

17 (H) Any other asset class for which an applicable  
18 fiduciary-controlled entity engages external  
19 asset managers; and

20 (3) That has \$50,000,000 or more in net value or assets  
21 under management on any day during the taxable year.



1 "Applicable taxpayer" shall not include:

- 2 (1) An organization that is described in section 501(c)(3)  
3 and exempt from tax under section 501(a) of the  
4 Internal Revenue Code;
- 5 (2) An organization primarily engaged in the construction  
6 or rehabilitation of single-family residences; or
- 7 (3) An individual.

8 "Disqualified sale" means any sale or transfer of a  
9 single-family residence to:

- 10 (1) A corporation or other entity engaged in a trade or  
11 business; or
- 12 (2) An individual who owns any other single-family  
13 residence at the time of the sale or transfer.

14 "Newly acquired single-family residence" means any  
15 single-family residence that was acquired by the taxpayer in any  
16 taxable year beginning after the effective date of Act ,  
17 Session Laws of Hawaii 2025.

18 "Single-family residence" means a residential property  
19 consisting of one to four dwelling units; provided that the term  
20 shall not include:



- 1 (1) Any unoccupied single-family residence acquired
- 2 through foreclosure;
- 3 (2) Any single-family residence that is:
- 4 (A) Not rented or leased, and
- 5 (B) Used as the principal residence of any person who
- 6 has an ownership interest in the applicable
- 7 taxpayer; or
- 8 (3) Any single-family residence constructed, acquired, or
- 9 operated with federal appropriated funding sources.

10 "Trade or business" shall include any activity treated as a  
11 trade or business under section 469(c)(5) or (6) of the Internal  
12 Revenue Code (determined without regard to the phrase "To the  
13 extent provided in regulations" in section 469(c)(6)).

14 § -2 **Imposition of tax.** (a) In the case of an  
15 applicable taxpayer, there is hereby imposed a tax on the  
16 acquisition of any newly acquired single-family residence equal  
17 to fifty per cent of the fair market value of the residence.

18 (b) In the case of an applicable taxpayer who fails to  
19 meet the requirements of subsection (c), there is hereby imposed  
20 a tax equal to the product of:

- 21 (1) \$50,000; and





1 the applicable date residences owned by the taxpayer  
2 on the applicable date  
3 The second full taxable Eighty per cent of the number of  
4 year beginning after applicable single-family  
5 the applicable date residences owned by the taxpayer  
6 on the applicable date  
7 The third full taxable Seventy per cent of the number of  
8 year beginning after applicable single-family  
9 the applicable date residences owned by the taxpayer  
10 on the applicable date  
11 The fourth full taxable Sixty per cent of the number of  
12 year beginning after applicable single-family  
13 the applicable date residences owned by the taxpayer  
14 on the applicable date  
15 The fifth full taxable Fifty per cent of the number of  
16 year beginning after applicable single-family  
17 the applicable date residences owned by the taxpayer  
18 on the applicable date  
19 The sixth full taxable Forty per cent of the number of  
20 year beginning after applicable single-family  
21 the applicable date residences owned by the taxpayer



1 on the applicable date

2 The seventh full taxable Thirty per cent of the number of  
3 year beginning after applicable single-family  
4 the applicable date residences owned by the taxpayer  
5 on the applicable date

6 The eighth full taxable Twenty per cent of the number of  
7 year beginning after applicable single-family  
8 the applicable date residences owned by the taxpayer  
9 on the applicable date

10 The ninth full taxable Ten per cent of the number of  
11 year beginning after applicable single-family  
12 the applicable date residences owned by the taxpayer  
13 on the applicable date

14 Any taxable year Zero  
15 beginning more than  
16 nine years after  
17 the applicable date

18 § -4 **Construction.** (a) For purposes of this chapter,  
19 an applicable taxpayer shall be treated:

20 (1) As acquiring a single-family residence if the  
21 applicable taxpayer acquires a majority ownership



1 interest in the single-family residence, regardless of  
2 the percentage of that ownership interest; and

3 (2) As owning a single-family residence if the applicable  
4 taxpayer owns a majority ownership interest in the  
5 single-family residence, regardless of the percentage  
6 of that ownership interest.

7 (b) For the purposes of this chapter, all persons or  
8 entities that are treated as a single employer under section  
9 52(a) and (b) of the Internal Revenue Code shall be treated as a  
10 single person or entity.

11 § -5 **Reporting.** (a) The director shall require any  
12 reporting as the director determines necessary or appropriate to  
13 carry out the purposes of this chapter, including reporting with  
14 respect to:

15 (1) The dates on which single-family residences owned by  
16 an applicable taxpayer were acquired by the taxpayer;  
17 and

18 (2) Whether any person acquiring a single-family residence  
19 from an applicable taxpayer owns any other  
20 single-family residences at the time of the  
21 acquisition.



1 (b) Any person who fails to report information required  
2 under subsection (a) or who fails to include correct information  
3 in a report shall pay a penalty of \$20,000; provided that no  
4 penalty shall be imposed with respect to any failure if it is  
5 shown that the failure is due to reasonable cause and not to  
6 wilful neglect. The penalty under this subsection shall be paid  
7 upon notice and demand by the director.

8 § -6 **Tax form.** Not later than one hundred eighty days  
9 after the effective date of Act , Session Laws of Hawaii 2025,  
10 the department shall publish a form to be used for calculating  
11 the amount of tax owed under this chapter.

12 § -7 **Certification.** (a) The reporting required under  
13 section -5(a)(2), shall include a certification from each  
14 individual to whom a single-family residence is sold or  
15 transferred from an applicable taxpayer.

16 (b) The certification required under this section shall be  
17 signed by the purchaser or transferee and state the following:

- 18 (1) The name and address of the purchaser or transferee;  
19 (2) That the sale is not a disqualified sale; and



1 (3) That the purchaser or transferee will be subject to  
2 the penalty imposed under section -5(b) for any  
3 false certification.

4 § -8 Disposition of tax revenues. All revenues from  
5 taxes collected under this chapter shall be deposited into the  
6 housing downpayment trust fund established under section  
7 201H- ."

8 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is  
9 amended by adding a new section to part III, subpart A, to be  
10 appropriately designated and to read as follows:

11 "§201H- Housing downpayment trust fund. (a) There is  
12 established in the state treasury a fund to be known as the  
13 housing downpayment trust fund, which shall be administered by  
14 the corporation. The fund shall be held separate and apart from  
15 all other moneys, funds, and accounts in the state treasury.

16 (b) There shall be deposited into the fund the following:

17 (1) Excise tax revenues allocated to the housing  
18 downpayment trust fund pursuant to section -8;

19 (2) Gifts, bequests, appropriations, or other  
20 contributions of money received by the corporation for  
21 the purpose of providing downpayment assistance; and



1       (3) All interest earned or accrued on moneys in the fund.  
2       (c) All moneys in the fund shall be expended by the  
3 corporation to establish new or supplement existing programs  
4 that provide downpayment assistance to families purchasing homes  
5 within the State. The corporation shall give priority to  
6 families seeking assistance to purchase any single-family  
7 residence that is sold or transferred by an applicable taxpayer,  
8 as defined in section -1.

9       (d) The corporation shall submit a report to the  
10 legislature, no later than twenty days prior to the convening of  
11 each regular session, providing an accounting of the receipts  
12 and expenditures of the fund."

13       SECTION 3. New statutory material is underscored.

14       SECTION 4. This Act shall take effect on July 1, 2050 and  
15 shall apply to taxable years beginning after December 31, 2026.



S.B. NO. 1033  
S.D. 2

**Report Title:**

Excise Tax; Failure to Sell Excess Single-Family Residences;  
Housing Downpayment Trust Fund; Reports

**Description:**

Establishes an excise tax on certain taxpayers who own excess single-family residences for failure to sell those residences. Establishes and allocates excise tax revenues to the Housing Downpayment Trust Fund. Requires annual reports to the Legislature. Applies to taxable years beginning after 12/31/2026. Effective 7/1/2050. (SD2)

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