

## ACT 59

H.B. NO. 1741

A Bill for an Act Relating to the Conveyance Tax.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The purpose of this Act is to:

- (1) Temporarily reduce the distribution of portions of the conveyance tax to the rental housing trust fund and the natural area reserve fund; and
- (2) Increase the rate of the conveyance tax on transfers or conveyances of properties of \$2,000,000 or more and second house purchases.

SECTION 2. Section 173A-5, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

“(d) ~~Ten per cent~~ The appropriate percentage identified under section 247-7 of all taxes imposed and collected [by section 247-1] under chapter 247 shall be deposited in or credited to the fund every fiscal year.”

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

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

- (1) Except as provided in paragraph (2):
  - (A) Ten cents per \$100 for properties with a value of less than \$600,000;
  - (B) Twenty cents per \$100 for properties with a value of at least \$600,000, but less than \$1,000,000; ~~and~~
  - (C) Thirty cents per \$100 for properties with a value of at least \$1,000,000 [or greater; and], 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; ~~and~~
- (C) ~~[Thirty-five]~~ Forty cents per \$100 for properties with a value of at least \$1,000,000 [or greater], but less than \$2,000,000;
- (D) Sixty cents per \$100 for properties with a value of at least \$2,000,000, but less than \$4,000,000;
- (E) Eighty-five cents per \$100 for properties with a value of at least \$4,000,000, but less than \$6,000,000;
- (F) One dollar and ten cents per \$100 for properties with a value of at least \$6,000,000, but less than \$10,000,000; and
- (G) One dollar and twenty-five cents per \$100 for properties with a value of \$10,000,000 or greater.

of such actual and full consideration; provided that in the case of a lease or sublease, this chapter shall apply only to a lease or sublease whose full unexpired term is for a period of five years or more, and in those cases, including (where appropriate) those cases where the lease has been extended or amended, the tax in this chapter shall be based on the cash value of the lease rentals discounted to present day value and capitalized at the rate of six per cent, plus the actual and full consideration paid or to be paid for any and all improvements, if any, that 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.”

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

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

- (1) Ten per cent shall be paid into the land conservation fund established pursuant to section 173A-5;
- (2) ~~[Thirty]~~ Twenty-five per cent from July 1, 2009, until June 30, 2012, and thirty per cent in each fiscal year thereafter shall be paid into the rental housing trust fund established by section 201H-202; and
- (3) ~~[Twenty-five]~~ Twenty per cent from July 1, 2009, until June 30, 2012, and twenty-five per cent in each fiscal year thereafter shall be paid into the natural area reserve fund established by section 195-9; provided that the funds paid into the natural area reserve fund shall be annually disbursed by the department of land and natural resources in the following priority:
  - (A) To natural area partnership and forest stewardship programs after joint consultation with the forest stewardship committee and the natural area reserves system commission;
  - (B) Projects undertaken in accordance with watershed management plans pursuant to section 171-58 or watershed management plans negotiated with private landowners, and management of the natural area reserves system pursuant to section 195-3; and
  - (C) The youth conservation corps established under chapter 193.”

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

**SECTION 6.** This Act shall take effect on July 1, 2009.

(Vetoed by Governor and veto overridden by Legislature on May 8, 2009.)