

JAN 19 2007

A BILL FOR AN ACT

RELATING TO CONVEYANCE TAX.

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

1 SECTION 1. Section 247-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§247-2 Basis and rate of tax.** [~~The~~] (a) Except as
4 provided in subsection (b), the tax imposed by section 247-1
5 shall be based on the actual and full consideration (whether
6 cash or otherwise, including any promise, act, forbearance,
7 property interest, value, gain, advantage, benefit, or profit),
8 paid or to be paid for all transfers or conveyance of realty or
9 any interest therein, that shall include any liens or
10 encumbrances thereon at the time of sale, lease, sublease,
11 assignment, transfer, or conveyance, and shall be at the
12 following rates:

13 (1) Except as provided in paragraph (2):

14 (A) Ten cents per \$100 for properties with a value of
15 less than \$600,000;



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

4 (C) Thirty cents per \$100 for properties with a value
5 of \$1,000,000 or greater; and

6 (2) For the sale of a condominium or single family
7 residence for which the purchaser is ineligible for a
8 county homeowner's exemption on property tax:

9 (A) Fifteen cents per \$100 for properties with a
10 value of less than \$600,000;

11 (B) Twenty-five cents per \$100 for properties with a
12 value of at least \$600,000, but less than
13 \$1,000,000; and

14 (C) Thirty-five cents per \$100 for properties with a
15 value of \$1,000,000 or greater,

16 of such actual and full consideration; provided that in the case
17 of a lease or sublease, this chapter shall apply only to a lease
18 or sublease whose full unexpired term is for a period of five
19 years or more, and in those cases, including (where appropriate)
20 those cases where the lease has been extended or amended, the
21 tax in this chapter shall be based on the cash value of the
22 lease rentals discounted to present day value and capitalized at



1 the rate of six per cent, plus the actual and full consideration
 2 paid or to be paid for any and all improvements, if any, that
 3 shall include on-site as well as off-site improvements,
 4 applicable to the leased premises; and provided further that the
 5 tax imposed for each transaction shall be not less than \$1.

6 (b) For the exchange of realty subject to this chapter,
 7 the conveyance tax shall be levied on the net difference in the
 8 assessed value of the exchanged realty. For exchanges of units
 9 or legal interests within the same condominium, as that term is
 10 defined under section 514B-3, or for fractional interests in
 11 inherited lands traded to concentrate ownership, the conveyance
 12 tax shall be levied only on the assessed value of the more
 13 valuable interest or property."

14 SECTION 2. This Act does not affect rights and duties that
 15 matured, penalties that were incurred, and proceedings that were
 16 begun, before its effective date.

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

19 SECTION 4. This Act shall take effect upon its approval.

20

INTRODUCED BY:

R. D. J. L.
by request



Report Title:
Conveyance Tax

Description:
Changes the method of assessing the conveyance tax for property exchanges to the net difference in value of the properties.

