The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Twenty-Eighth State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Eighth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 6, 2016, the following bill was signed into law:

HB2217 HD1 SD1 RELATING TO AMENDING OR REPEALING HAWAII REAL PROPERTY TAX LAWS FOR THE PURPOSE OF DELETING OBSOLETE OR UNNECESSARY PROVISIONS

ACT 052 (16)

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i
A BILL FOR AN ACT

RELATING TO AMENDING OR REPEALING HAWAII REAL PROPERTY TAX LAWS FOR THE PURPOSE OF DELETING OBSOLETE OR UNNECESSARY PROVISIONS.

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

SECTION 1. The legislature finds that article VIII, section 3, of the state constitution provides that the taxation of real property in the State has been transferred to the several counties. Pursuant to the Supreme Court of Hawaii's decision in State ex rel. Anzai v. City & County of Honolulu, 99 Hawaii 508, 57 P.3d 433 (2002), the need for numerous provisions in the Hawaii Revised Statutes governing the taxation of real property in the State lapsed decades ago, and those provisions are no longer of any force or effect.

SECTION 2. Section 239-5, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) Notwithstanding subsection (a), the rate of tax upon the portion of the gross income of:

(1) A public utility that consists of the receipts from the sale of its products or services to another public utility that resells such products or services shall be one-half of one per cent; or
(2) A public utility engaged in the business of selling telecommunication services to a person defined in section 237-13(6)(C) who resells such products or services, shall be one-half of one per cent; provided that the resale of the products, services, or telecommunication services is subject to taxation under this section or subject to taxation at the highest rate under section 237-13(6); and provided further that [the public utility's exemption from real property taxes imposed by chapter 246 shall be reduced by the proportion that its public utility gross income described herein bears to its total public utility gross income. Whenever] whenever the public utility has other public utility gross income, the gross income from the sale of its products or services to another public utility or a person subject to section 237-13(6)(C) shall be included in applying subsection (a) in determining the rate of tax upon the other public utility gross income. The department shall have the authority to implement the tax rate changes in paragraph (2) by prescribing tax forms and instructions that require tax reporting and payment by deduction, allocation, or any other
method to determine tax liability with due regard to the tax
rate changes."

SECTION 3. Section 342G-61, Hawaii Revised Statutes, is
amended to read as follows:

"§342G-61. Solid waste collection surcharge. Each
county may assess residential real property owners in their
respective county an annual solid waste collection surcharge
based on the partial costs of solid waste collection. Notice of
this surcharge shall be included with the notice of assessment
required by [section-246-43+] county ordinance."

SECTION 4. Section 248-1, Hawaii Revised Statutes, is
amended by amending the definition of "property" or "real
property" to read as follows:

"Property" or "real property" [has the meaning defined by
section-246-1.] means and includes all land and appurtenances
thereof and the buildings, structures, fences, and improvements
erected on or affixed to the same, and any fixture that is
erected on or affixed to such land, buildings, structures,
fences, and improvements, including all machinery and other
mechanical or other allied equipment and the foundations
thereof, whose use thereof is necessary to the utility of such
land, buildings, structures, fences, and improvements, or whose removal therefrom cannot be accomplished without substantial damage to such land, buildings, structures, fences, and improvements, excluding, however, any growing crops."

SECTION 5. Section 205-14, Hawaii Revised Statutes, is repealed.

["§205-14 Adjustments of assessing practices. Upon the adoption of district boundaries, certified copies of the classification maps showing the district boundaries shall be filed with the department of taxation. Thereafter, the department of taxation shall, when making assessments of property within a district, give consideration to the use or uses that may be made thereof as well as the uses to which it is then devoted."]

SECTION 6. Section 248-5, Hawaii Revised Statutes, is repealed.

["§248-5 Property taxes, disposition of proceeds. All property taxes shall be paid into the state treasury each month within ten days after collection. Out of such taxes paid into the state treasury from each county, the director of finance

..."
shall retain from time to time in special accounts, and shall
apply for the specified purposes, sufficient amounts to pay:

(1) Annual service charges (interest on serial bonds and
principal of serial bonds maturing the following year)
for state bonds issued for the purposes of that
county, except highway bonds issued prior to
January 1, 1945;

(2) The county's annual contributions to the state
employees retirement system, and

(3) For any other purpose for which the director is
required to retain county revenues.

The director shall also retain from time to time sufficient
amounts to reimburse the State for the costs of assessment and
collection of real property taxes incurred by the State, as
provided for in section 246.50 to become a general fund
realization of the State, and the director shall then pay the
remaining balance to the director of finance of such county, as
soon as possible after the property taxes have been paid into
the state treasury, or after the disposition of any tax appeal,
as the case may be. The county director of finance shall,
unless allotments for the purposes hereinafter stated are made
from the county's share of the state general fund when received
by the county, allot from such balance of property taxes, from
time to time, sufficient for the annual service charges
(interest on term and serial bonds, sinking fund for term bonds,
and principal of all serial bonds maturing the following year),
for county bonds (except bonds issued prior to January 1, 1945,
for highway purposes), and also for other amounts specified or
required by law, and shall keep such allotments in special
accounts for use for such purposes only.

If at any time there shall be insufficient moneys for the
purposes of any special account, moneys in the general account
of the State or county, as the case may be, may be used for such
purposes, in which case the general account may later be
reimbursed by transfers from such special account.

Except as hereinafore provided, the property taxes paid
over to the county director of finance shall be a general fund
revenue of the county, and shall be expended or allotted as
authorized by the council."

SECTION 7. Chapter 246, Hawaii Revised Statutes, is
repealed.
SECTION 8. Chapter 246A, Hawaii Revised Statutes, is repealed.

SECTION 9. This Act shall take effect on July 1, 2016.

APPROVED this 6 day of JUN, 2016

GOVERNOR OF THE STATE OF HAWAII