



GOV. MSG. NO. 676

EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

July 6, 2010

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fifth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

I am transmitting herewith SB2610 HD1 CD1, without my approval, and with the statement of objections relating to the measure.

SB2610 HD1 CD1

A BILL FOR AN ACT  
RELATING TO CONVEYANCE TAX.

Sincerely,



LINDA LINGLE

EXECUTIVE CHAMBERS

HONOLULU

July 6, 2010

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2610

Honorable Members  
Twenty-Fifth Legislature  
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2610, entitled "A Bill for an Act Relating to Conveyance Tax."

The purpose of this bill is to require the Department of Taxation to provide free digital images of property conveyance certificates to county real property assessment divisions within ten days after the end of each week, or as soon thereafter as possible.

This measure is objectionable because it forces the Department of Taxation to reprioritize its workload to serve the counties' interests, to the detriment of the State. It is also objectionable to prevent the Department of Taxation from charging the counties for work that serves their real property assessment divisions.

This bill negatively impacts state tax collections by requiring the Department of Taxation to scan and provide conveyance certificates to the counties on a weekly basis. Currently, the Department of Taxation provides approximately 1,000 to 1,500 hardcopies of conveyance certificates to county real property assessment divisions on a weekly basis, and the Department also scans conveyance certificates after each year's tax season for its own archival purposes.

Unless the requirement to provide these images "ten days after the end of each week, or as soon thereafter as possible" can be interpreted to allow the Department to provide

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the digital images after tax season, this measure effectively gives the same priority to scanning conveyance certificates as scanning tax documents, tax returns, and payment vouchers. Given that the collection of state taxes is of the utmost importance, it is objectionable to prioritize the counties' needs on the same level as that of the State's.

While I support and promote the use of technologies to expedite the work flow of public agencies, it is inappropriate for the Legislature to require the Department of Taxation to undertake this task to the detriment of other State business.

For the foregoing reasons, I am returning Senate Bill No. 2610 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "Linda Lingle", written in a cursive style.

LINDA LINGLE  
Governor of Hawaii

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## A BILL FOR AN ACT

RELATING TO CONVEYANCE TAX.

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

1           SECTION 1. The purpose of this Act is to enable the  
2 counties to promptly track ownership, encumbrances,  
3 restrictions, uses, and sales prices of real property for the  
4 purpose of determining real property tax assessments. This Act  
5 requires the director of taxation to provide the administrator  
6 of each county's real property assessment division with an image  
7 of all certificates of conveyances filed with the bureau of  
8 conveyances.

9           SECTION 2. Section 247-6, Hawaii Revised Statutes, is  
10 amended to read as follows:

11           "**§247-6 Certificate of conveyance required.** (a) Any  
12 party, with the exception of governmental bodies, agencies, or  
13 officers, to a document or instrument subject to this chapter,  
14 or the party's authorized representative, shall file, in the  
15 manner and place which the director of taxation shall prescribe,  
16 a certificate of conveyance setting forth the actual and full  
17 consideration of the property transferred, including any lien or  
18 encumbrance on the property, and such other facts as the



1 director may by rules prescribe. The certificate of conveyance  
2 shall be verified by a written declaration thereon that the  
3 statements made therein are subject to the penalties in section  
4 231-36. The certificate shall be appended to the document or  
5 instrument made subject to this chapter and shall be filed with  
6 the director simultaneously with the aforementioned document or  
7 instrument for the imprinting of the required seal or seals.

8 (b) No certificate is required to be filed for any  
9 document or instrument made exempt by section 247-3, except that  
10 in the following situations, a certificate shall be filed in the  
11 manner and place which the director shall prescribe, within  
12 ninety days after the transaction or prior to the recordation or  
13 filing of the document or instrument with the registrar of  
14 conveyances or the assistant registrar of the land court or  
15 after such period, recordation, or filing as the director shall  
16 prescribe:

17 (1) In the case of any document or instrument described  
18 under section 247-3(3), any party to the document or  
19 instrument shall file a certificate declaring that the  
20 document or instrument merely confirms or corrects a  
21 deed, lease, sublease, assignment, transfer, or  
22 conveyance previously recorded or filed.



- 1           (2) In the case of any document or instrument described  
2                   under section 247-3(4), any party to the document or  
3                   instrument shall file a certificate declaring the  
4                   amount of the nominal consideration paid and marital  
5                   or parental relationship of the parties.
- 6           (3) In the case of any document or instrument described  
7                   under section 247-3(5), any party to the document or  
8                   instrument shall file a certificate declaring the  
9                   reasons why the consideration is \$100 or less.
- 10          (4) In the case of any document or instrument described in  
11                   section 247-3(6), any party to the document or  
12                   instrument shall file a certificate declaring that the  
13                   document or instrument is made pursuant to an  
14                   agreement of sale, and where applicable, an assignment  
15                   or assignments of agreements of sale.
- 16          (5) In the case of any document or instrument described  
17                   under section 247-3(8), any person made a party to the  
18                   document or instrument as grantee, assignee, or  
19                   transferee shall file a certificate declaring the full  
20                   and actual consideration of the property transferred.
- 21          (6) In the case of any document or instrument described  
22                   under section 247-3(11), any party to the document or



1 instrument shall file a certificate declaring each  
2 owner's:

3 (A) Undivided interest in the real property and the  
4 value of that interest before partition; and

5 (B) Proportionate interest and the value of that  
6 interest after partition.

7 (7) In the case of any document or instrument described  
8 under section 247-3(12), any party to the document or  
9 instrument shall file a certificate declaring that the  
10 document or instrument is made pursuant to an order of  
11 the court and containing the court case number.

12 (8) In the case of any document or instrument described  
13 under section 247-3(13), any party to the document or  
14 instrument shall file a certificate declaring that the  
15 document or instrument conveys real property from a  
16 testamentary trust to a trust beneficiary.

17 (9) In the case of any document or instrument described  
18 under section 247-3(14), any party to the document or  
19 instrument shall file a certificate declaring that the  
20 document or instrument conveys real property from the  
21 grantor to a grantor's revocable living trust or from  
22 a grantor's revocable living trust to the grantor.



1 (c) The form of the certificate and the procedure to be  
2 followed for the submission of the certificate shall be  
3 prescribed by the director.

4 (d) Notwithstanding the foregoing, where the director  
5 deems it impracticable to require the filing of a certificate or  
6 certificates or to obtain the signatures of any or all parties  
7 to a certificate or certificates required under this section,  
8 the director may, in the director's discretion, waive the  
9 requirement of filing the certificate or certificates or of  
10 securing the signature of any or all parties to the certificate  
11 or certificates.

12 (e) No document or instrument, on account of which a  
13 certificate is required to be filed with the office of the  
14 director under this section, shall be accepted for recordation  
15 or filing with the registrar of conveyances or the assistant  
16 registrar of the land court, unless the certificate has been  
17 duly filed.

18 (f) Within ten days after the end of each week, or as soon  
19 thereafter as possible, the director of taxation shall provide  
20 to the administrator of each county's real property assessment  
21 division, without charge, an image of all certificates of





1 conveyance that were filed. For each certificate of conveyance,  
2 the image shall include the following:

- 3       (1) Document number;
- 4       (2) Date of the filing;
- 5       (3) Name of grantor and grantee;
- 6       (4) Tax map key number;
- 7       (5) Location of the real property by island; and
- 8       (6) Address for real property assessment notice and tax  
9       bill."

10 SECTION 3. New statutory material is underscored.

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

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