
A BILL FOR AN ACT

RELATING TO REAL PROPERTY TAX.

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

1 SECTION 1. The legislature finds that the real property
2 tax exemption offered under state law to properties used for
3 church purposes is not in line with federal law.

4 The purpose of this Act is to restrict the real property
5 tax exemption currently offered to properties used for church
6 purposes only to places of worship, and not to other properties
7 owned by religious organizations.

8 SECTION 2. Section 246-32, Hawaii Revised Statutes, is
9 amended as follows:

10 1. By amending subsection (b) to read:

11 "(b) This subsection applies to property owned in fee
12 simple, leased, or rented for a period of one year or more, by
13 the person using the property for the exempt purposes,
14 hereinafter referred to as the person claiming the exemption.
15 If the property for which exemption is claimed is leased or
16 rented, the lease or rental agreement shall be in force and
17 recorded in the bureau of conveyances.



1 Exemption is allowed by this subsection to the following
2 property:

3 (1) Property used for school purposes including:

4 (A) Kindergartens, grade schools, junior high
5 schools, and high schools [~~which~~] that carry on
6 a program of instruction meeting the requirements
7 of the compulsory school attendance law, section
8 302A-1132, or [~~which~~] that are for preschool
9 children who have attained or will attain the age
10 of five years before January 1 of the school
11 year; provided that any claim for exemption based
12 on any of the foregoing uses shall be accompanied
13 by a certificate issued by or under the authority
14 of the department of education stating that the
15 foregoing requirements are met;

16 (B) Junior colleges or colleges carrying on a general
17 program of instruction of college level. The
18 property exempt from taxation under this
19 paragraph is limited to buildings used for
20 educational purposes (including dormitories),
21 housing owned by the school or college and used
22 as residence for personnel employed at the school

1 or college, campus and athletic grounds, and
2 realty used for vocational purposes incident to
3 the school or college.

4 (2) Property used for hospital and nursing home purposes,
5 including housing for personnel employed at the
6 hospital. In order to qualify under this paragraph
7 the person claiming the exemption shall present with
8 the claim a certificate issued by or under the
9 authority of the department of health that the
10 property for which the exemption is claimed consists
11 of, or is a part of, hospital or nursing home
12 facilities that are properly constituted under the law
13 and maintained to serve, and that do serve the public.

14 (3) Property used [~~for church purposes, including~~
15 ~~incidental activities, parsonages, and church grounds,~~
16 ~~the property exempt from taxation being limited to~~
17 ~~realty exclusive of burying grounds (exemption for~~
18 ~~which may be claimed under paragraph (4)).~~] as places
19 of worship.

20 (4) Property used as cemeteries (excluding property used
21 for cremation purposes) maintained by a religious



1 society, or by a corporation, association, or trust
2 organized for this purpose.

3 (5) Property dedicated to public use by the owner, which
4 dedication has been accepted by the State or any
5 county, reduced to writing, and recorded in the bureau
6 of conveyances; and property [~~which~~] that has been set
7 aside for public use and actually used therefor for a
8 period not less than five years after enactment of
9 this section.

10 (6) Property owned by any nonprofit corporation, admission
11 to membership of which is restricted by the corporate
12 charter to members of a labor union; property owned by
13 any government employees' association or organization,
14 one of the primary purposes of which is to improve
15 employment conditions of its members; property owned
16 by any trust, the beneficiaries of which are
17 restricted to members of a labor union; and property
18 owned by any association or league of federal credit
19 unions chartered by the United States, the sole
20 purpose of which is to promote the development of
21 federal credit unions in the State. Notwithstanding
22 any provision in this section to the contrary, the

1 exemption shall apply to property or any portion
2 thereof that is leased, rented, or otherwise let to
3 another, if the leasing, renting, or letting is to a
4 nonprofit association, organization, or corporation."

5 2. By amending subsection (e) to read:

6 "(e) ~~[The term "for nonprofit purposes", as used in this~~
7 ~~section requires that no monetary gain or economic benefit inure~~
8 ~~to the person claiming the exemption, or any private~~
9 ~~shareholder, member, or trust beneficiary.~~

10 ~~"Monetary gain" includes without limitation any gain in the~~
11 ~~form of money or money's worth.] For the purposes of this~~
12 ~~section:~~

13 "Economic benefit" includes without limitation any benefit
14 to a person in the course of the person's business, trade,
15 occupation, or employment.

16 "For nonprofit purposes" requires that no monetary gain or
17 economic benefit inure to the person claiming the exemption or
18 to any private shareholder, member, or trust beneficiary.

19 "Monetary gain" includes without limitation any gain in the
20 form of money or money's worth.

21 "Places of worship" means any church, temple, synagogue,
22 mosque, or other similar place where religious worship is



1 conducted for groups of people or other similar activities, but
2 does not include other real property owned by religious
3 organizations."

4 SECTION 3. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act, upon its approval, shall apply to
7 taxable years beginning after December 31, 2010.

8

INTRODUCED BY: Rida Cutouilla
B.R.

JAN 26 2011



Report Title:

Real Property Tax; Exemptions; Religious Organizations

Description:

Restricts the real property tax exemption currently offered to properties used for church purposes only to places of worship. Provides that other real property owned by religious organizations is not exempt.

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