
A BILL FOR AN ACT

RELATING TO TAXATION OF CERTAIN MOTOR VEHICLE TRANSACTIONS.

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

1 SECTION 1. Chapter 237, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 **"PART . MOTOR VEHICLE TRANSACTIONS**

5 **§237- Definitions.** For the purposes of this part:

6 "Casual seller" means a person who, in any calendar year,
7 transfers fewer than three motor vehicles for consideration.

8 "Open title transaction" means any transfer of an ownership
9 interest in a motor vehicle where the transferor is not the
10 legal owner of the motor vehicle as shown on the certificate of
11 title for the motor vehicle.

12 "Transferor" means the person or entity who receives
13 consideration for the transfer of ownership of a motor vehicle.
14 In some cases, the transferor may not appear as the registered
15 or legal owner on the certificate of title for the motor
16 vehicle.

17 "Value of the transaction" means the greater of the amount
18 of the consideration as shown on the transaction documents or



1 the retail value of the motor vehicle as shown in the Kelly Blue
2 Book or similar authority for valuation of motor vehicles.

3 **§237- Application of tax to vehicles currently**
4 **registered in Hawaii.** The tax imposed by this part shall only
5 apply to transactions occurring when the motor vehicle is
6 registered in a county of the State of Hawaii.

7 **§237- Documentation of transaction.** Every transfer of
8 ownership of a motor vehicle shall be evidenced by a document
9 that states the name and street address of the transferor, the
10 name of the transferee, a complete description of the motor
11 vehicle, and the purchase price, or in the event of a gift, a
12 statement that there is no monetary consideration.

13 **§237- Imposition of tax on certain motor vehicles.**
14 Except in the case of exempt transactions as provided herein,
15 there shall be imposed a tax on the transfer of ownership of a
16 motor vehicle at or before the time of registration by the
17 transferee in an amount equal to per cent of the value of
18 the transaction. The transferor shall be liable for the tax
19 imposed under this part; provided that the transferee shall be
20 liable for the general excise tax if the transferor fails to pay
21 the general excise tax.



1 **§237- Exemptions.** The following transfers of ownership
2 shall be exempt from the general excise tax imposed under this
3 part:

4 (1) A gift transaction between spouses, members of a civil
5 union, parents and children, or siblings;

6 (2) A transfer of ownership in a transaction where the
7 transferor is a licensed motor vehicle dealer and the
8 transaction documents evidence payment of the Hawaii
9 general excise tax with respect to the transaction;

10 (3) A transaction, other than an open title transaction,
11 where more than one hundred eighty days have passed
12 from the date of issuance of the certificate of
13 ownership to the transferor until the date of the
14 application for registration in the name of the
15 transferee;

16 (4) A transfer of ownership by a casual seller; provided
17 that both the transferor and transferee appear at the
18 same time before the department of taxation to
19 establish the transferor's status as a casual seller;

20 (5) A transfer of ownership through a licensed motor
21 vehicle auction; and



1 (6) Releases of liens or other similar transactions that
2 do not affect the registered ownership.

3 **§237- Registration of motor vehicles.** An applicant for
4 change of ownership shall present a certificate from the
5 department of taxation showing that the general excise tax has
6 been paid or that the transaction is exempt. The department of
7 motor vehicles of the county in which the motor vehicle is to be
8 registered shall maintain the certificate as part of the
9 documentation of the registration."

10 SECTION 2. This Act does not affect rights and duties that
11 matured, penalties that were incurred, and proceedings that were
12 begun before its effective date.

13 SECTION 3. This Act shall take effect on July 1, 2012.

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INTRODUCED BY: Denny Coffman BR

JAN 25 2012



H.B. NO. 2835

Report Title:

Motor Vehicle Transfers; General Excise Tax

Description:

Requires payment of a general excise tax for certain transfers of motor vehicles. Requires documentation evidencing payment of the tax. Provides exemptions. Effective July 1, 2012.

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