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February 25, 2014

SENATE COMMITTEE ON WAYS AND MEANS  
REGARDING SENATE BILL 2483

Hearing Date: WEDNESDAY, February 26, 2014  
Time : 10:30 a.m.  
Place : Conference Room 211

Chair Ige, Vice Chair Kidani, and Members of the Committees,

My name is John Morris and I work as an attorney representing condominium and other homeowner associations. I am submitting testimony to supplement my earlier testimony submitted at the hearing on Senate Bill 2483 before the Commerce and Consumer Protection committee.

Section 2 of this bill clarifies that the lien of an association is ahead of all tax liens except real property tax liens. The purpose of section 2 is to clarify the situation with respect to tax liens on property that is part of an association. While the state tax office has objected to this clarification, there are sound reasons for the change.

First, associations have never objected to the overriding priority given to real property tax liens on property that is part of an association. Associations recognize that real property taxes provide a direct benefit to properties within the association by providing roads, schools, police, and fire protection, etc., for such properties.

Similarly, the association, itself, provides direct benefits to those same properties by taking full responsibility for maintenance, repair, landscaping and other services that provide benefits for the property that is part of the association. In that way, the liens of the real property tax office and the association touch and concern the property and, again, have a direct connection to the property.

There are no such justifications for giving other tax liens priority over the association's lien for assessments. Income tax, GET, and other tax liens have no direct connection to the property to which the lien attaches. Nor do they provide the same direct benefits to the property as the real property tax lien or association lien.

TESTIMONY REGARDING SENATE BILL 2483

February 25, 2014

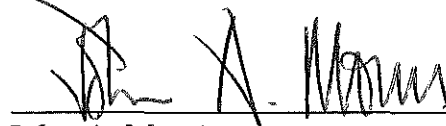
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Therefore, there are logical reasons to give other tax liens a lower priority when compared to a real property tax lien or the association's lien.

For those reasons, this bill should be passed and should retain the clarification in section 2 that the association's lien is ahead of all other tax liens except real property tax liens.

Thank you for this opportunity to testify. Please contact me at 523-0702 if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "John A. Morris", is written over a horizontal line. The signature is stylized and cursive.

John A. Morris