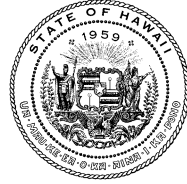


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To: The Honorable Roy M. Takumi, Chair;
The Honorable Linda Ichiyama, Vice Chair;
and Members of the House Committee on Consumer Protection & Commerce

From: Rona M. Suzuki, Director
Department of Taxation

Re: H.B. 1644, Relating to the Conveyance Tax

Date: Wednesday, February 5, 2020

Time: 2:00 P.M.

Place: Conference Room 329, State Capitol

The Department of Taxation (Department) appreciates the intent of H.B. 1644 and provides the following comments.

H.B 1644 requires that the certificate of conveyance filed with the Director of Taxation include the names and addresses of limited liability company officers, directors, and members or managers. The measure is effective upon approval.

The Department respectfully requests that the measure be made effective no earlier than January 1, 2021 in order to make the necessary form and instruction changes and provide time for us to coordinate these changes with the Bureau of Conveyances.

Thank you for the opportunity to provide comments.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Require Limited Liability Companies to File Officer/Member Information in Conveyance Tax Certificate

BILL NUMBER: HB 1644

INTRODUCED BY: SAN BUENAVENTURA, AQUINO, BELATTI, BROWER, CABANILLA ARAKAWA, HASHIMOTO, ICHIYAMA, MATAYOSHI, MIZUNO, TAKUMI, WOODSON, McDermott

EXECUTIVE SUMMARY: Requires that the certificate of conveyance filed with the director of taxation include the names and addresses of limited liability company officers, directors, and members or managers. We suggest that the publicly available conveyance tax organizational documents contain this information.

SYNOPSIS: Amends section 247-6, HRS, to require that the conveyance tax certificate filed with the Department of Taxation contain the names and business addresses of all officers, directors, and members or managers of a limited liability company, as applicable, and any other facts as the director may by rules prescribe.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: As disclosed in the bill's preamble, the need for the bill is that there are instances when governmental agencies, homeowner associations, or property owners are required to provide notice to a neighboring landowner for various issues relating to a property but are unable to do so because the landowner is a limited liability company with insufficient contact information for providing the notice.

Requiring the information to be in a certificate of conveyance is fine if the LLC makes conveyances, but the problem remains if the LLC does not. Instead, the Committee should consider making this information part of the LLC's filing at the Department of Commerce and Consumer Affairs, which needs to be updated annually.

Digested 2/3/2020