

**ACT 21**

A Bill for an Act Relating to the Imposition of Real Property Taxes and Amending Chapter 128 of the Revised Laws of Hawaii 1955, as Amended.

*Be it Enacted by the Legislature of the State of Hawaii:*

SECTION 1. This Act is hereby declared to be an urgency measure deemed necessary in the public interest within the meaning of section 11 of Article III of the Constitution of the State of Hawaii.

The following is a statement of the facts constituting such urgency:

The provisions of the present Internal Revenue Code allow the person upon whom the state taxes are imposed to obtain the benefit of deducting state taxes from their gross income. Thus, lessees of long term residential leases are presently unable to deduct the real property taxes paid by them from their gross income when computing their federal income taxes. Instead, the lessors who are, in most cases, not

paying the real property taxes, are allowed to deduct these taxes from their gross income. It is therefore urgent that this situation be corrected so that lessees who are actually paying the real property taxes receive the deduction.

SECTION 2. Section 128-4 of the Revised Laws of Hawaii 1955, as amended, is hereby amended to read as follows:

**“Sec. 128-4. Assessment of property; to whom in general.** Real property shall be assessed in its entirety to the owner thereof; provided that where land has been leased for a term of fifteen years or more, the real property shall be assessed in its entirety to the lessee or his successor in interest holding the land for such term under such lease and such lessee or successor in interest shall be deemed the owner of the real property in its entirety for the purposes of this chapter.

For the purposes of this chapter, life tenants, executors, administrators, trustees, guardians or other fiduciaries may be, and persons holding government property under an agreement for the conveyance of the same to such persons shall be considered as owners as to any real property held or controlled by them as such. Lessees holding under any government lease shall be considered as owners during the time any real property is held or controlled by them as such, as fully provided in section 128-22. Persons holding any real property under an agreement to purchase the same, shall be considered as owners during the time the real property is held or controlled by them as such; provided the agreement to purchase (1) shall have been recorded in the bureau of conveyances, and (2) shall provide that the purchasers shall pay the real property taxes levied on the property.”

SECTION 3. Section 128-12 of the Revised Laws of Hawaii 1955, as amended, is hereby amended by deleting therefrom the second sentence.

SECTION 4. This Act shall take effect on January 1, 1965.

(Approved April 21, 1964.) **H.B. 9.**

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