

ACT 158

H. B. NO. 1587

A Bill for an Act Relating to Exemptions from Real Property Taxes for Persons of Retirement Age.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. **Purpose.** The purpose of this bill is to correct inequities in the tax law by: (1) recognizing the purchase of life occupancy retirement apartment as a type of real property transaction, and (2) realizing that a life occupancy retirement apartment falls within the definition of the word "home" in relation to real property tax law, in order to insure that any individual or his or her surviving spouse owning and occupying a life occupancy retirement apartment used as a residence shall enjoy equitable treatment in reference to exemptions from real property taxes.

SECTION 2. Section 246-4, Hawaii Revised Statutes, is amended to read as follows:

“Sec. 246-4 Assessment of property; to whom in general. Real property shall be assessed in its entirety to the owner thereof; provided that where improved residential 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 the lessee or successor in interest shall be deemed the owner of the real property in its entirety for the purposes of this chapter; provided, however, that the lease and any extension, renewal, assignment, or agreement to assign the lease (1) shall have been duly entered into and recorded in the bureau of conveyances or filed in the office of the assistant registrar of the land court prior to January 1 preceding the applicable tax year, and (2) shall provide that the lessee shall pay all taxes levied on the property during the term of the lease.

“Improved residential land” as used herein means land improved with a single family dwelling on it.

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 during the time any real property is 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 more fully provided in section 246-36; and further, notwithstanding any provision to the contrary in this chapter, any tenant occupying government land, whether such occupancy be on a permit, license, month to month tenancy, or otherwise, shall be considered as owner where such occupancy has continued for a period of one year or more, as more fully provided in section 246-36. 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. Persons holding any real property under a lease for a term to last during the lifetime of the lessee, shall be considered as owners during the time the real property is held or controlled by them as such; provided that the lease (1) shall have been duly entered into and recorded in the bureau of conveyances or filed in the office of the assistant registrar of the land court prior to July 1 of the tax year for which the assessment is made, and (2) shall provide that the lessee shall pay all taxes levied on the property during the term of the lease.”

SECTION 3. Section 246-27, Hawaii Revised Statutes, is amended by adding a new subsection to read as follows:

“(7). An apartment which is a living unit (held under a lease by the tenant thereof) in a multi-unit residential building used for retirement purposes under a lease for a term to last during the lifetime of the lessee and his or her surviving spouse and which apartment is used as a residence by the lessee and his or her surviving spouse, and where the apartment unit reverts back to the lessor upon the death of the lessee and his or her surviving spouse, and

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where the lease has been duly entered into and recorded prior to July 1 of the tax year for which the exemption is claimed, and whereby the lessee agrees to pay all taxes during the term of the lease.”

SECTION 4. New material is underscored. In printing this Act, the revisor of statutes need not include the underscoring.*

SECTION 5. This Act, upon its approval, shall be effective for those tax years beginning on and after July 1, 1971.

(Approved May 30, 1971.)

* Edited accordingly.