

ACT 60

An Act Providing for Tax Exemptions.

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

SECTION 1. Section 128-18, Revised Laws of Hawaii 1955 is hereby amended to read as follows:

“Sec. 128-18. Charitable, etc. purposes. (a) There shall be exempt from real property taxes real property designated in subsection (b) or (c) and meeting the requirements stated therein, actually and (except as otherwise specifically provided) exclusively used for non-profit purposes. If an exemption is claimed under one of these subsections (b) or (c), an exemption for the same property may not also be claimed under the other of these subsections.

(b) The provisions of this subsection apply to property owned in fee simple, leased or rented for a period of one year or more, by the person using the property for the exempt purposes, hereinafter referred to as the person claiming the exemption. If the property for which exemption is claimed is leased or rented, the lease or rental agreement shall be in force and recorded in the bureau of conveyances.

Exemption is allowed by this subsection to the following property:

(1) Property used for school purposes including kindergartens, grade schools, junior high schools and high schools, which carry on a program of instruction meeting the requirements of the compulsory school attendance law, section 40-9, or which are for pre-school children who have attained or will attain the age of five years on or before December 31 of the school year, and junior colleges or colleges carrying on a general program of instruction of college level. The person claiming the exemption shall present with the claim a certificate issued by or under the authority of the depart-

ment of education that the requirements of the foregoing sentence have been met. The property exempt from taxation under this paragraph is limited to buildings for educational purposes (including dormitories), housing on the campus grounds for personnel employed at the school or college, campus and athletic grounds, and realty used for vocational purposes incident to the school or college.

(2) Property used for hospital and nursing home purposes, including housing for personnel employed at the hospital; in order to qualify under this paragraph the person claiming the exemption shall present with the claim a certificate issued by or under the authority of the department of health that the property for which the exemption is claimed consists in, or is a part of, hospital or nursing home facilities which are properly constituted under the law and maintained to serve, and which do serve the public.

(3) Property used for church purposes, including incidental activities, parsonages and church grounds, the property exempt from taxation being limited to realty exclusive of burying grounds (exemption for which may be claimed under paragraph (4)), and exclusive of any parsonage located at another site.

(4) Property used as cemeteries (excluding, however, property used for cremation purposes) maintained by a religious society, or by a corporation, association or trust organized for such purpose.

(5) Property dedicated to public use by the owner, which dedication has been accepted by the State or any county, reduced to writing and recorded in the bureau of conveyances; and property which has been set aside for public use and actually used therefor for a period not less than 5 years after enactment of this Act.

(6) Property owned by any nonprofit corporation, admission to membership of which is restricted by the corporate charter to members of a labor union, and property owned by any government employees' association or organization, one of the primary purposes of which is to improve the employment conditions of its members. Notwithstanding any provision in this section to the contrary, the exemption shall apply to property or any portion thereof which is leased, rented or otherwise let to another, if such leasing, renting or letting is to a nonprofit association, organization or corporation.

(c) The provisions of this subsection shall apply to property owned in fee simple by a corporation, society, association or trust having a charter or other enabling act or government instrument which contains a provision or has been construed by a court of competent jurisdiction as providing, that in the event of dissolution or termination of the corporation, society, association, or trust, or other cessation of use of the property for the exempt purpose, the real property shall be applied for another charitable purpose or shall be dedicated to the public. Exemption is allowed by this subsection for property, used for charitable purposes which are of a community, character building, social service or educational nature, including museums, libraries and art academies; provided that in order for property to be exempt from taxation under this subsection not more than seventy-five per cent of the income devoted to the exempt purposes may be derived from charges made to the public or to those accommodated or served.

(d) If any portion of the property which might otherwise be exempted under this section is used for commercial or other purposes not within the conditions necessary for exemption (including any use the primary purpose of which is to produce income even though such income is to be used for

or in furtherance of the exempt purposes) that portion of the premises shall not be exempt but the remaining portion of the premises shall not be deprived of the exemption if the remaining portion is used exclusively for purposes within the conditions necessary for exemption. In the event of an exemption of a portion of a building, the tax shall be assessed upon so much of the value of the building (including the land thereunder and the appurtenant premises) as the proportion of the floor space of the non-exempt portion bears to the total floor space of the building.

(e) The term 'for non-profit purposes,' as used in this section requires that no monetary gain or economic benefit inure to the person claiming the exemption, or any private share-holder, member or trust beneficiary. 'Monetary gain' includes without limitation any gain in the form of money or money's worth. 'Economic benefit' includes without limitation any benefit to a person in the course of his business, trade, occupation or employment."

SECTION 2. All real property which are specifically exempted from real property taxes pursuant to section 128-18, Revised Laws of Hawaii 1955, as amended, as it reads prior to the enactment of this Act shall continue to be exempted for a period of 5 years beginning January 1, 1962, so long as they maintain their status for which exemption was granted. Thereafter all such property must qualify for exemption under the provisions of this Act other than this section. Any of said specifically exempted real property which loses its exemption during the 5 year period shall qualify for a subsequent exemption under the provisions of this Act other than this section.

SECTION 3. Section 128-13, Revised Laws of Hawaii 1955, as amended, is hereby further amended in the following respects:

a. Item (1) of subsection (a) is amended to read as follows:

"Totally exempt where the value of the property is not in excess of \$1,500;"

b. The first clause of item (2) is hereby amended to read as follows:

"(2) Where the value of such property is in excess of \$1,500, according to the following schedule:

	<u>Value of Property</u>	<u>Exemption</u>
Over	\$1,500 to \$1,699	\$1,550
	1,700 to 1,899	1,650
	1,900 to 2,099	1,750
	2,100 to 2,299	1,850
	2,300 to 2,499	1,950
	2,500 to 2,699	2,050
	2,700 to 2,899	2,150
	2,900 to 3,099	2,250
	3,100 to 3,299	2,350
	3,300 to 3,499	2,450
	3,500 to 3,699	2,550
	3,700 to 3,899	2,650
	3,900 to 4,099	2,750
	4,100 to 4,299	2,850
	4,300 to 4,499	2,950
	4,500 to 4,699	3,050
	4,700 to 4,849	3,138
	4,850 to 4,899*	3,213
	5,000 and over	3,250

provided:"

* So in original, no rate for \$4,900 to \$4,999.

ACT 60

SECTION 4. Chapter 128, Revised Laws of Hawaii 1955, as amended, is hereby further amended by adding a new section to be numbered and to read as follows :

“Sec. 128-12.5. The director of taxation may promulgate rules and regulations as may be necessary to administer the provisions of sections 128-13 to 128-22.”

SECTION 5. Section 128-19, Revised Laws of Hawaii 1955 is hereby repealed.

SECTION 6. This Act, upon its approval, shall take effect as of January 1, 1962.

(Approved May 17, 1961.) **S.B. 164.**
