

ACT 68

H.B. NO. 1173

A Bill for an Act Relating to Tax Liens.

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

SECTION 1. The legislature finds that Act 166, Session Laws of Hawaii 2009, enacted a fifteen-year statute of limitations on certain collection actions of tax assessments, comparable to the ten-year statute of limitations that applies to federal taxes.

The purpose of this Act is to adopt procedures comparable to those in the federal system to ensure that taxpayers are not harmed by previously recorded tax liens for which the underlying liability has been satisfied or been rendered unenforceable by the expiration of the fifteen-year period.

SECTION 2. Section 231-33, Hawaii Revised Statutes, is amended by amending subsections (f) and (g) to read as follows:

“(f) The department may record in the bureau of conveyances at Honolulu, or in respect of a lien on a motor vehicle, file with the county director of finance, a certificate setting forth the amount of taxes due and unpaid, which have been returned, assessed, or as to which a notice of proposed assessment has issued. The certificate shall identify the taxpayer, the taxpayer’s last known address, ~~and the tax or taxes involved[-], and the date on which the liability for the tax or taxes was assessed.~~ The recording or filing of the certificate has the effect set forth in this section, but nothing in this section shall be deemed to require that a certificate recorded or filed by the department must include the amount of any penalty or interest, in order to protect the lien therefor. The certificate, if recorded or filed with the county director of finance, shall be entered of record as provided by law. Recordation of the certificate in the bureau of conveyances shall be deemed, at such time, for all purposes and without any further action, to procure a lien on land registered in the land court under chapter 501. Any cost incurred in the filing of the certificate shall be a part of the lien for the tax therein set forth.

(g) The department may issue a certificate of discharge of any part of the property subject to the lien imposed by this section, upon payment in partial satisfaction of such lien, of an amount not less than the value as determined by the department of the lien on the part to be so discharged, or if the department determines that the lien on the part to be discharged has no value. The department shall issue a certificate of discharge as to any liability that has been satisfied or that has become unenforceable under section 235-111, 237-40, 237D-9, 238-7, 243-14, 247-6.5, or 251-8. Any ~~such~~ discharge so issued shall be conclusive evidence of the discharge of the lien as therein provided.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect on January 1, 2027.

(Approved May 19, 2025.)