

February 2, 1928.

OPINION No. 1463.

TAXATION; PERSONAL PROPERTY
IN USE UNDER FEDERALCON-
TRACTS:

Personal property situated in Hawaii, although employed in the performance of a contract with the Federal Government, is taxable by the Territory.

Honorable C. T. Wilder,
Tax Assessor, First Taxation Division,
Honolulu, T. H.

Dear Sir:

My opinion has been requested as to whether certain seagoing dredgers, registered in the port of New York, brought to Honolulu for use in reclamation work under a contract with the United States Government, are subject to a personal property tax by the Territory of Hawaii.

I beg to advise you that such property is taxable under our Territorial law.

Dredging equipment in San Juan harbor, solely for the purpose of executing a dredging contract with the United States was held taxable by Porto Rico in—

Gromer v. Standard Dredging Co., 224 U. S. 362; 56 L. Ed. 801.

Also see:

Burgess v. Montana, 8 Mont. 57; I L. R. A. 808 ;
Occidental Construction Co. v. United States, 245 Fed, 817;
United States v. Moses, 185 Fed. 90.

It has been held that a State may tax the interest of a corporation in a drydock which the United States has the right to use under a contract with the corporation.

Baltimore Shipbuilding & Drydock Co. v. Baltimore, 195 U. S. 375; 49 L. Ed. 242.

The fact that these dredgers are registered in New York has no bearing on the question of the right of this Territory to tax same. When these dredgers are brought to Hawaii for use, for a substantial period of time, in connection with dredging work, they acquire a taxation situs, and are subject to our Territorial tax laws.

I accordingly advise you that the dredgers referred to are subject to assessment and taxation.

Very truly yours,

WILLIAM B. LYMER,
Attorney General.