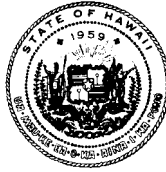


BENJAMIN J. CAYETANO
GOVERNOR

MAZIE HIRONO
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DEPARTMENT OF TAXATION

STATE OF HAWAII
P.O. Box 259
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June 30, 1995

TAX INFORMATION RELEASE NO. 95-2

RE: Clarifying the Application of the Bulk Sale or Transfer Law to Secured Transactions

This Tax Information Release describes the application of section 237-43, HRS, as amended by Act 120, SLH 1995 (“the Bulk Sale of Transfer Law”) to secured transactions.

Section 237-43(d), as amended, defines the term “transfer” as the sale, conveyance, or distribution by any mode, direct or indirect, absolute or conditional, voluntary or involuntary, of title to or beneficial ownership in property, or interest therein. Although the term “transfer” was defined broadly, it was not intended to, and does not include a release, a lease, or the creation of a lien or encumbrance.

Also, pending further clarification in the form of a Tax Information Release, Rules, or legislation, the Department of Taxation will not apply the Bulk Sale or Transfer Law to transfers occurring as a result of bona fide, arm’s length, enforcement of liens by lienholders.

RAY K. KAMIKAWA
Director of Taxation

HRS Section Explained: HRS §237-43