

STAND. COM. REP. NO. 57 -06

Honolulu, Hawaii
Feb 6, 2006

RE: H.B. No. 1981

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1981 entitled:

"A BILL FOR AN ACT RELATING TO LEASEHOLD CONVERSION,"

begs leave to report as follows:

The purpose of this bill is to allow, for a period of five years, a fee owner to exclude from taxable income 100 percent of the gain realized from:

- (1) The sale of the leased fee interest in a residential house lot or multi-family residential leasehold unit to the lessee of the house lot or unit; or
- (2) The sale of the leased fee interest in a multi-family residential leasehold property to the association of apartment owners or the residential cooperative corporation of the multi-family residential leasehold property.

The Hawaii Council of Associations of Apartment Owners, Hawaii Association of Realtors, and several concerned individuals testified in support of this measure. The Department of Taxation provided comments.

HB1981 HSCR HSG HMS 2006-1525



As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1981 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Housing,


MICHAEL P. KAHIKINA, Chair



