

Honolulu, Hawaii

Feb 17, 2006

RE: H.B. No. 2803

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

Sir:

Your Committee on Water, Land, & Ocean Resources, to which was referred H.B. No. 2803 entitled:

"A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX,"

begs leave to report as follows:

The purpose of this bill is to streamline the administration of conveyance tax exemptions by eliminating the conveyance tax burden for any document or instrument conveying real property from a testamentary trust to any entity owned by the trust for the purpose of distributing ownership interests in the entity to a beneficiary under the trust.

Several individuals testified in support of this bill. The Land Use Research Foundation of Hawaii (LURF) and Tax Foundation of Hawaii provided comments.

Your Committee cursorily discussed the treatment of single member limited liability companies.

LURF raised concerns that the conveyance tax is punitive to large lot conveyances between affiliate corporate entities, adding transaction costs to the project. LURF suggested extending the conveyance tax exemption to transactions between affiliate corporate entities.



As affirmed by the record of votes of the members of your Committee on Water, Land, & Ocean Resources, that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2803 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Water, Land, &
Ocean Resources,



EZRA R. KANOHO, Chair



