

Honolulu, Hawaii

MAR 24 2006

RE: H.B. No. 2803
H.D. 1
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Water, Land, and Agriculture, to which was referred H.B. No. 2803, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to provide a conveyance tax exemption for any document or instrument conveying real property from a testamentary trust to an entity owned by the trust for the purpose of distributing interests in the entity to beneficiaries under the trust.

Testimony in support of this measure was submitted by the Hawaii Bankers Association, the Land Use Research Foundation of Hawaii, and two individuals. Comments were also submitted by the Department of Taxation and the Tax Foundation of Hawaii.

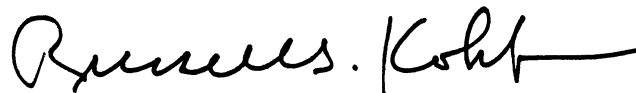
Your Committee finds that the current law exempts the conveyance of real property from a testamentary trust to a beneficiary of the trust from the conveyance tax. However, the conveyance tax exemption is not applicable if the real property is transferred from the testamentary trust to another entity, even if the beneficiaries of the trust own the entity. This measure provides that any document or instrument conveying real property from a testamentary trust to an entity owned by the trust for the purpose of distributing interests in the entity to beneficiaries under the trust will also be exempt from the conveyance tax.



Your Committee has amended this measure by changing the effective date of the Act to July 1, 2050 to allow further discussion on the matter.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2803, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2803, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Water, Land, and
Agriculture,

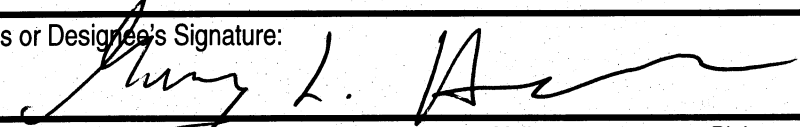


RUSSELL S. KOKUBUN, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

Record of Votes of the
Committee on Water, Land and Agriculture
(Bills and Resolutions)

Measure:* HB2803 HD1	Committee Referral: WLA, WAM	Date: 3/22/06		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to:				
<input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
KOKUBUN, Russell S. (C)	✓			
HOOSER, Gary L. (VC)		✓		
ENGLISH, J. Kalani		✓		
FUKUNAGA, Carol				✓
HEMMINGS, Fred	✓			
TOTAL	2	2		1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Do not list more than one measure per Record of Votes.