

Honolulu, Hawaii

**APR 28**, 2006

RE: S.B. No. 2076  
S.D. 2  
H.D. 2  
C.D. 1

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

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

Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2076, S.D. 2, H.D. 2, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of the measure is to encourage lessors of residential real properties to sell their fee simple interest by providing an incentive in the form of an income tax exemption for one hundred per cent of the gain realized from the sale.

Your Committee finds that the exclusion of a portion of the capital gain from the sale of leased fee interests to lessees would provide fee owners with the proper incentive to sell that interest in their real property.

Your Committee has amended the measure to:



- (1) Set a cap of \$800,000 in the aggregate for all taxpayers in the State in any tax year on the amount of capital gain tax exclusion;
- (2) Amend the sunset date to January 1, 2009; and
- (3) Change the effective date to July 1, 2006.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2076, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2076, S.D. 2, H.D. 2, C.D. 1.

Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE


ON THE PART OF THE SENATE

  
MICHAEL P. KAHIKINA, Co-Chair

  
RON MENOR, Chair

  
ROBERT N. HERKES, Co-Chair

  
BRIAN T. TANIGUCHI, Co-Chair

  
SCOTT NISHIMOTO, Co-Chair



**Hawaii State Legislature**

**Record of Votes of a  
Conference Committee**

Bill / Concurrent Resolution No.: <b>SB 2076, SD 2, HD 2</b>	Date/Time: <b>4/28/06 6:18</b>
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

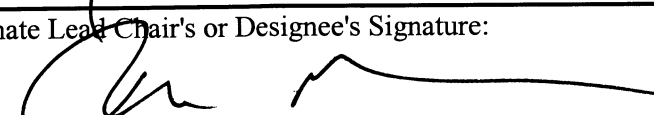
The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.


Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
MENOR, Ron, Chr.	X				KAHIKINA, Michael Puamamo, Co-Chr.	X			
TANIGUCHI, Brian, Co-Chr.	X				HERKES, Robert N., Co-Chr.	X			
BAKER, Rosalyn H.	X				NISHIMOTO, Scott Y., Co-Chr.	X			
ESPERO, Will	X				PINE, Kymberly	X			
KOKUBUN, Russell S.				X					
HOGUE, Bob	X								
<b>TOTAL</b>	<b>5</b>			<b>1</b>	<b>TOTAL</b>	<b>4</b>			

A = Aye      WR = Aye with Reservations      N = Nay      E = Excused

Senate Recommendation is:  
 Adopted       Not Adopted

House Recommendation is:  
 Adopted       Not Adopted

Senate Lead Chair's or Designee's Signature:  


House Lead Chair's or Designee's Signature:  


**Distribution:**      **Original**      **Yellow**      **Pink**      **Goldenrod**  
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