

Honolulu, Hawaii

FEB 17, 2006'

RE: S.B. No. 2076

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 Commerce, Consumer Protection, and Housing,
to which was referred S.B. No. 2076 entitled:

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

begs leave to report as follows:

The purpose of this measure is to allow, for a limited time,
a fee owner to exclude from taxable income one hundred percent of
capital gains realized from the sale of a leased fee interest in a
residential house lot or multi-family residential leasehold
property to a lessee, condominium association, or cooperative.

Testimony in support of this measure was submitted by Hawaii
Council of Associations of Apartment Owners, Hawaii Independent
Condominium and Cooperative Owners, Hawaii Chapter Community
Associations Institute, Hawaii Association of Realtors, and one
individual. No testimony in opposition to this measure was
submitted. Comments were submitted by the Department of Taxation
and the Tax Foundation of Hawaii.

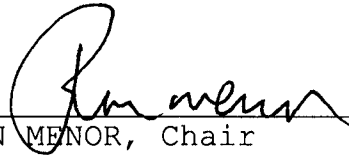
Your Committee finds that this measure brings an incentive-
based approach to the leasehold conversion process.

Your Committee further finds that the terms "multi-family
residential leasehold property" and "multi-family residential
leasehold unit" should include planned unit developments as
defined in section 421J-2, Hawaii Revised Statutes, and has
amended the measure to incorporate planned unit developments.



As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2076, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2076, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Housing,



RON MENOR, Chair



