

Honolulu, Hawaii

MAR - 3 2006

RE: S.B. No. 2076
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2076, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to encourage the conversion of leasehold residential properties to fee simple.

This measure will exclude from gross income for state tax purposes, for the next five tax years beginning after December 31, 2006, one hundred per cent of the gain realized by a fee simple owner from the sale of a leased fee interest to:

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

Your Committee has amended this measure by deleting its contents and inserting in its place the contents of H.B. No. 1554, C.D. 1, Regular Session of 2005. This amendment will:

- (1) Exclude from gross income for state tax purposes fifty per cent of the income derived by a fee owner from the sale of a leased fee interest in a residential leasehold



house lot or multi-family residential leasehold unit to the lessee;

- (2) Limit the exclusion to not exceed \$75,000 in the aggregate for all taxpayers in the State in any year; and
- (3) Limit this exclusion to the tax year beginning after December 31, 2006, and ending prior to January 1, 2008.

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

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



BRIAN T. TANIGUCHI, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

Record of Votes of the
Committee on Ways and Means
(Bills and Resolutions)

Measure:* SB 2076 SD1	Committee Referral: CPH, WAM	Date: 2/28/06		
<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
TANIGUCHI, Brian T. (C)	/			
TSUTSUI, Shan S. (VC)	/			
ENGLISH, J. Kalani	/			
ESPERO, Will	/			
FUKUNAGA, Carol	/			/
HOOSER, Gary L.	/			/
INOUE, Lorraine R.	/			
KANNO, Brian				/
KIM, Donna Mercado	/			
KOKUBUN, Russell S.	/			
NISHIHARA, Clarence K.	/			
SAKAMOTO, Norman	/			
HEMMINGS, Fred				/
SLOM, Sam	/			
TRIMBLE, Gordon	/			
TOTAL	11	0	0	4
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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