

STAND. COM. REP. NO. 1907

Honolulu, Hawaii

Ag 5, 2007

RE: S.B. No. 600  
H.D. 2

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 600, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to provide an incentive for lessors to sell their fee interest in residential properties to lessees by temporarily excluding from taxable income 100 percent of the gain realized from the sale of the leased fee interest to the association of apartment owners or the residential cooperative corporation of the leasehold units.

The Hawaii Association of REALTORS, Hawaii Council of Associations of Apartment Owners, and a concerned individual testified in support of this bill. The Department of Taxation provided comments.

Your Committee has amended this bill by:

- (1) Leaving blank the percentage of gains realized upon which the exclusion is based;
- (2) Changing the effective date to July 1, 2020, to encourage further discussion;
- (3) Changing the period for which the exclusion is available to the 2008 and 2009 taxable years; and

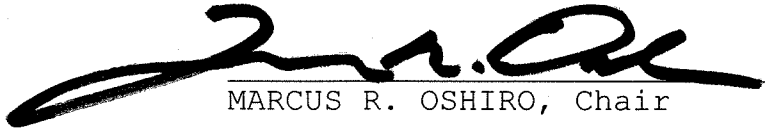
SB600 HD2 HSCR FIN HMS 2007-3746



- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 600, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 600, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



MARCUS R. OSHIRO, Chair



State of Hawaii  
House of Representatives  
The Twenty-fourth Legislature

HSCR 1907

**Record of Votes of the Committee on Finance**

Bill/Resolution No.: <b>SB600 HD1</b>		Date: <b>4/4/07</b>		
Committee Referral: <b>HSH, CPC, FIN</b>		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommittal for further consideration				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. BELATTI, Della Au	✓			
4. BROWER, Tom	✓			
5. CARROLL, Mele	✓			
6. CHONG, Pono	✓			
7. HANOHANO, Faye P.	✓			
8. HAR, Sharon E.	✓			
9. MAGAOAY, Michael Y.	✓			
10. MANAHAN, Joey	✓			
11. MIZUNO, John	✓			
12. NAKASONE, Bob	✓			
13. RHOADS, Karl	✓			
14. SAGUM, Roland D., III	✓			
15. TOKIOKA, James Kunane	✓			
16. AWANA, Karen Leinani	✓			
17. MEYER, Colleen Rose	✓			
18. WARD, Gene, Ph.D.	✓			
TOTAL	18	0	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
<i>Marilyn B. Lee</i>				
Vice Chair's or designee's signature:				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – HMSO    Duplicate (Pink) – Clerk's Office				