

STAND. COM. REP. NO. 1222

Honolulu, Hawaii

March 15, 2007

RE: S.B. No. 600

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

Sir:

Your Committee on Human Services & Housing, to which was referred S.B. No. 600 entitled:

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

begs leave to report as follows:

The purpose of this bill is to encourage landowners to convey their fee interests to lessees by providing fee owners of units within a condominium project, cooperative project, or planned unit development with the opportunity to exclude from their taxable income, 100 percent of the capital gains realized from the sale of the leased fee interest to the association of apartment owners or residential cooperative corporation of the leasehold units. This exemption would be available from the 2008 through 2012 taxable years.

The Hawaii Association of Apartment Owners, Monarch Properties, Inc., Hawaii Association of REALTORS, Hawaii Independent Condominium & Cooperative Owners, and Hawaii Legislative Action Committee of the Community Associations Institute testified in support of this bill. The Department of Taxation and Tax Foundation of Hawaii provided comments.

As affirmed by the record of votes of the members of your Committee on Human Services & Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 600 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

SB600 HSCR HSH HMS 2007-3033



Respectfully submitted on
behalf of the members of the
Committee on Human Services &
Housing,



MAILE SHIMABUKURO, Chair



