

STAND. COM. REP. NO.

789

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 1230
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1230, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to address the loss of tax revenue from real property transactions involving non-resident sellers and from transactions involving the transfer of ownership of legal entities that hold real property interests.

Your Committee finds that the economic recession dictates that the State improve and fully maximize the collection of taxes in all areas of economic activity. This includes complex transactions involving the purchase, transfer, or exchange of real property located in Hawaii through the sale or exchange of ownership interests in legal entities. Under present law, many of these complex transactions involving the transfer of real property occur tax free and some even escape the payment of conveyance taxes.

Accordingly, your Committee has replaced the contents of the measure with provisions to create a new tax that is separate from the conveyance tax and is imposed on an individual or entity engaged in the sale of any ownership interest or partial ownership interest of an entity that holds real property located in Hawaii. The newly created tax would assess a fair tax on transactions designed to avoid liability under the conveyance tax.


SB1230 SD2 SSCR LRB 09-2854.doc



Your Committee also finds that in testimony presented in the previous subject matter committee, this new tax was suggested as a good dedicated source of funding for culturally significant places and programs such as Mauna Ala, Iolani Palace, and the Bishop Museum.

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. 1230, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1230, S.D. 2.

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

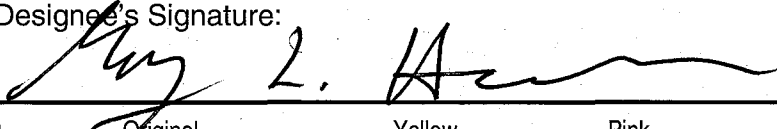


DONNA MERCADO KIM, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1230 SDI	CPN, WAM	MAR 4 2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<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	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	✓			
TSUTSUI, Shan S. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
ENGLISH, J. Kalani	✓			
FUKUNAGA, Carol	✓			
GALUTERIA, Brickwood	✓			
HEE, Clayton				✓
HOOSER, Gary L.	✓			
KIDANI, Michelle N.	✓			
KOKUBUN, Russell S.	✓			
TOKUDA, Jill N.	✓			
HEMMINGS, Fred	✓			
TOTAL	10			2
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	

*Only one measure per Record of Votes