

JAN 19 2012

A BILL FOR AN ACT

RELATING TO LEASEHOLD CONVERSION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. In 2007, the legislature enacted Act 166, which
2 provides an income tax exemption of one hundred per cent of
3 capital gains realized during taxable years 2008-2012 from sales
4 of leased fee interest in condominium units to association of
5 apartment owners or residential cooperative corporations. The
6 purpose of the law is to encourage landowners to sell
7 condominium lessees the fee interest in their units, and thereby
8 promote the long-term stability in Hawaii's condominium housing
9 market. Act 166, Session Laws of Hawaii 2007, sunsets on
10 December 31, 2012.

11 Between the years 2012-2015, the lease terms of more than
12 one thousand two hundred fifty condominium units in the urban
13 district of Honolulu will expire, with lease terms of over one
14 hundred units on the island of Hawaii expiring in 2015.
15 Extending Act 166, Session Laws of Hawaii 2007, for an
16 additional five years through 2017 will provide landowners and
17 condominium lessees with a tool that encourages long-term home
18 ownership.



S.B. NO. 2112

1 SECTION 2. Act 166, Session Laws of Hawaii 2007, is
2 amended by amending section 3 to read as follows:

3 "SECTION 3. This Act shall take effect upon approval, and
4 shall apply to taxable years beginning after December 31, 2007,
5 and ending prior to January 1, [~~2013,~~] 2018; provided that on
6 January 1, [~~2013,~~] 2018, this Act shall be repealed and section
7 235-7(a), Hawaii Revised Statutes, shall be reenacted in the
8 form in which it read on the day prior to the effective date of
9 this Act."

10 SECTION 3. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 4. This Act shall take effect upon its approval.

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S.B. NO. 2112

Report Title:

Leased Fee Interest Sale; Capital Gains; Exempt from Taxation

Description:

Extends the sunset provision of Act 166, SLH 2007, to extend the exemption from taxation of capital gains realized from the sale of leased fee interest in condominium units to association of apartment owners or residential cooperative corporations until 1/1/18.

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