

Honolulu, Hawaii

February 28, 2014

RE: H.B. No. 1726  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1726, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to treat real estate investment trusts and income derived from such trusts in the same manner as other corporate taxpayers and income by amending the corporation income tax to tax real estate investment trusts without regard to the federal deduction for dividends paid.

The Hawai'i Appleseed Center for Law and Economic Justice testified in support of this measure. The National Association of Real Estate Investment Trusts, Inc., and Taubman Centers testified in opposition to this measure. The Department of Taxation and Tax Foundation of Hawaii commented on this measure.

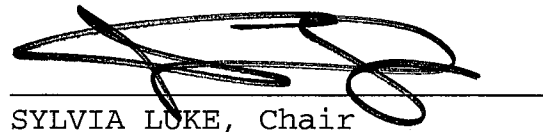
Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2030, to encourage further discussion; and
- (2) 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 H.B. No. 1726, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1726, H.D. 2.

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



\_\_\_\_\_

SYLVIA LUKE, Chair



