

STAND. COM. REP. NO.

357

Honolulu, Hawaii

February 13, 2013

RE: H.B. No. 680
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 680 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to apply the conveyance tax to transfers of entity ownership when the transfer of entity ownership is essentially equivalent to the sale of an interest in real property.

The Trust for Public Land, Housing Hawaii, Catholic Charities Hawaii, The Nature Conservancy, and Hawaii Appleseed Center for Law and Economic Justice testified in support of this measure. The Land Use Research Foundation of Hawaii and Building Industry Association of Hawaii testified in opposition to this measure. Alexander & Baldwin, Inc. provided comments on this measure.

Your Committee has amended this measure by:

- (1) Including language that excludes from the conveyance tax the transfer of controlling interest between members of an existing entity;
- (2) Specifying that the real estate valuation shall be the lesser of the county tax assessed value or a recent qualifying appraisal;

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- (3) Requiring that the value of the property transferred by way of the transfer of a controlling interest be included in the certificate for conveyance; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests that the Committee on Finance should it decide to hear this bill look at:

- (1) The nexus between the conveyance tax and the value of the real property;
- (2) Possible tax credits for affordable housing and watersheds when considering this measure; and
- (3) The volatility of the conveyance tax because it is based on real estate values.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 680, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 680, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



