

STAND. COM. REP. NO.

482

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 1012  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1012 entitled:

"A BILL FOR AN ACT RELATING TO REAL ESTATE INVESTMENT TRUSTS,"

begs leave to report as follows:

The purpose of this measure is to temporarily disallow the deductions for dividends paid by real estate investment trusts (REIT) for a period of 15 years, except for dividends generated from trust-owned housing that is affordable to households with incomes at or below 200 percent of the median family income as determined by the United States Department of Housing and Urban Development (HUD).

Americans for Democratic Action; Graphic Design Studio, Inc.; Steiner & Associates; International Longshore and Warehouse Union Local 142; UNITE HERE Local 5; and numerous individuals testified in support of this measure. Park Hotels & Resorts Inc.; Public Storage; American Assets Trust; Taubman Centers; Douglas Emmett, Inc.; National Association of Real Estate Investment Trusts; Hawaii Association of Realtors; TZ Economics; Hawaii Regional Council of Carpenters; Land Use Research Foundation of Hawaii; The Kobayashi Group; The MacNaughton Group; BlackSand Capital; Pacific Resource Partnership; The Shidler Group; NAIOP - Hawaii Chapter, the Commercial Real Estate Development Association; OPTrust; DeBartolo Hawaii; Retail Merchants of Hawaii; and GGP, Inc.

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testified in opposition to this measure. The Department of Taxation and Tax Foundation of Hawaii commented on this measure.

Upon consideration, your Committee has amended this measure by:

- (1) Allowing income tax deductions for REIT dividends generated from trust-owned housing for households with incomes at or below 140 percent of the median family income, rather than households with incomes at or below 200 percent of the median family income, as determined by HUD;
- (2) Changing its effective date to take effect upon a date to be determined to facilitate further discussion on this measure; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1012, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1012, H.D. 1, and be referred to your Committee on Finance.

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



TOM BROWER, Chair



