

STAND. COM. REP. NO.

481

Honolulu, Hawaii

February 15, 2019

RE: H.B. No. 475

H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 475, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to disallow the dividends paid deduction for real estate investment trusts.

The Hawai'i Alliance for Community-Based Economic Development, Hawaiian Community Assets, Faith Action for Community Equity, Hawaii Children's Action Network, Hawaii Appleseed Center for Law & Economic Justice, IMUAlliance, Sierra Club of Hawai'i, O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, The Church of the Crossroads, and several individuals testified in support of this measure. Park Hotels & Resorts, Inc.; Host Hotels & Resorts, Inc.; Douglas Emmett, Inc.; Ala Moana Center; Brookfield Properties; Waikele Premium Outlets; Simon Property Group; American Assets Trust; Taubman Centers, Inc.; Public Storage; Alexander & Baldwin; Sunstone Hotel Investors, Inc.; National Association of Real Estate Investment Trusts; National Association of Industrial and Office Properties Hawaii Chapter; Land Use Research Foundation of Hawaii; Hawai'i Association of REALTORS; and OPTrust testified in opposition. The

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Department of Taxation and Tax Foundation of Hawaii provided comments.

Your Committee notes that testimony submitted to the Committee has been contradictory in the impact this measure would have upon the revenues generated for the State. For example, testimony in opposition to this measure has cited Department of Taxation estimates that this measure would provide only an additional \$10,000,000 in revenue to the State after the second year. Testimony in opposition further provides estimates for the amount of revenue the State stands to lose with this measure. In contrast, testimony in support estimates that this measure would provide more than \$50,000,000 in revenue. Should your Committee on Finance consider this measure, your Committee respectfully requests that your Committee on Finance examine the actual fiscal impact of this measure on the revenues of the State and consider whether this measure is in accord with the State's overall tax policy.

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. 475, H.D. 1, and recommends that it be referred to your Committee on Finance.

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



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ROY M. TAKUMI, Chair



