

STAND. COM. REP. NO. 1357

Honolulu, Hawaii

MAR 15 , 2019

RE: S.B. No. 301
S.D. 1
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 Economic Development & Business, to which
was referred S.B. No. 301, S.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 deduction for
dividends paid by real estate investment trusts.

Faith Action for Community Equity, LGBT Caucus of the
Democratic Party of Hawaii, Hawaii Children's Action Network,
Hawaiian Community Assets, Sierra Club of Hawai'i, League of Women
Voters of Hawaii, International Longshore and Warehouse Union
Local 142, Hawai'i Alliance of Progressive Action, MRC West Inc.,
American Electric, Commercial Properties of Maui LLC, C E & S
Corp., Tradewind Capital Group, Kairos Energy Capital LLC, Fergus
& Company, Black Development Corporation, IMUAlliance, and many
concerned individuals testified in support of this measure. The
Land Use Research Foundation of Hawaii; Hawaii Laborers Union
Local 368; Hawai'i Construction Alliance; Pacific Resource
Partnership; Hawai'i Association of REALTORS; General Contractors
Association of Hawaii; OPTrust; Ala Moana Center; Brookfield
Properties; Park Hotels & Resorts Inc.; Nordic PCL Construction,
Inc.; Public Storage; Honolulu County Republican Party; Taubman

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Centers Inc; National Association of Real Estate Investment Trusts; International Council of Shopping Centers; Commercial Real Estate Development Association Hawaii Chapter; Douglas Emmett; The Chamber of Commerce Hawaii; Alexander & Baldwin; and a few concerned individuals testified in opposition to this measure. The Department of Taxation, Tax Foundation of Hawaii, Church of the Crossroads, Hawaii Real Estate for American Assets Trust, and a few concerned individuals provided comments on this measure.

Your Committee has amended this measure by:

- (1) Requiring ten percent of the revenue generated from the tax on real estate investment trusts to be used by the Department of Business, Economic Development, and Tourism to fund economic development in the State; and
- (2) Changing the effective date to December 31, 2112, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 301, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 301, S.D. 1, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,



ANGUS L.K. MCKELVEY, Chair



