STAND. COM. REP. NO. 357

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 Hawaii, League of Women Voters of Hawaii, International Longshore and Warehouse Union Local 142, Hawaii 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; Hawaii Construction Alliance; Pacific Resource Partnership; Hawaii 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

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

## State of Hawaii

## House of Representatives The THIRTIETH Legislature HSCR 1357

## **Record of Votes of the Committee on Economic Development & Business**

Bill/Resolution No.: SB301 SD1	Committee Referral: EDB, CPC, FII	Date:	3/13/19	7
☐ The committee is reconsidering its previ				
	unamended (as is) Pass short form bill with HD to recon	s, with amendments (		
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)				
2. KITAGAWA, Lisa (VC)	<b>V</b>	all and burief of the second		
3. ELI, Stacelynn K.M.			an a	
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4. ICHIYAMA, Linda	V		<u> </u>	
5. JOHANSON, Aaron Ling	. /			
J. JUHANSON, ARIUM LING				
6. QUINLAN, Sean				\/
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7. YAMASHITA, Kyle T.			litali e di escritura di escriti	
8. MATSUMOTO, Lauren			and the same of th	
TOTAL (8)	7	Ø	φ	
The recommendation is:	opted	ed	•	•
If joint	referral,		rt recommendatio	n.
	committee acronyme			
Vice Chair's or designee's signature:	Listagon			
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				