

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF TAXATION**

830 PUNCHBOWL STREET, ROOM 221

HONOLULU, HAWAII 96813

<http://tax.hawaii.gov/>

Phone: (808) 587-1540 / Fax: (808) 587-1560

Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: H.B. 475, H.D.1, Relating to the Taxation of Real Estate Investment Trusts

The Department of Taxation (Department) provides the following comments regarding H.B. 475, H.D. 1, for your consideration.

HB 475, H.D. 1, eliminates conformity to Internal Revenue Code section 857(b)(2)(B), and disallows the deduction for dividends paid by a Real Estate Investment Trust (REIT). The House Committee on Economic Development and Business added a provision that 10% of the net revenue gain from this measure is to be earmarked for the Department of Business, Economic Development, and Tourism to fund economic development in the State. H.B. 475 H.D. 1 has a defective effective date such that it applies to taxable years beginning after December 31, 2112.

First, the Department notes that the new provision providing that 10% of the revenue generated from REITs is very ambiguous. If the intent is to earmark 10% of all income tax revenue paid by REITs this should be specified. Further, the provision as currently written does not seem to be sufficient to create an appropriation. The provision can be read to simply provide a method to calculate an amount that DBEDT must spend rather than providing the funds to spend. If this provision is intended to be an appropriation, the Department suggests appropriating the amount to a special fund that has specific requirements on the how the funds must be spent.

Second, while a REIT must report all of its income on a tax return, it is not mandatory to report all of its allowable deductions. This is because the dividends paid deduction alone will eliminate any tax liability. In other words, to properly estimate the potential revenue gain we must also consider the other allowable deductions that can be used to offset tax liability, as well as behavioral responses due to tax planning.

Thank you for the opportunity to provide comments.



Board Members

President

Jason Okuhama
Managing Partner,
Commercial & Business Lending

Secretary

Marcus Kawatachi
Deputy Director,
Hawai'i Civil Rights Commission

Trina Orimoto

Clinical & Research
Psychologist

Kaipo Kukahiko
Executive Director,
KEY Project

Miwa Tamanaha
Deputy Director,
Kua'āina Ulu 'Auamo

HACBED Staff

Brent N. Kakesako
Executive Director

Keoki Noji
Chief Operating Officer

Athena T. Esene
Bookkeeper & Office Manager

Foley Pfalzgraf
Program Specialist

Chelsie Onaga
AmeriCorps VISTA

Date: February 16, 2019

To: Representative Sylvia Luke, Chair, Representative Ty J.K. Cullen, Vice-Chair, and members of the Committee on Finance

From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic Development (HACBED)

Re: Strong Support for HB475 HD1

Aloha Chair Luke, Vice-Chair Cullen, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports HB475 HD1, which disallows the dividends paid deduction for real estate investment trusts (REITs).

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. In providing technical assistance to grassroots community-based organizations, HACBED sees so much potential in how these organizations provide opportunities for place-based economic development. Many of these organizations carry out a wide range of environmental and cultural restoration activities as well as development of our youth and workforce in a way that is grounded in the cultures and values of Hawai'i. As such, eliminating the dividends paid deduction for REITs and directing at least 10% of that revenue to economic development grant programs, particularly as tied to place-based community organizations, would be of great benefit to the entire state and could also be seen as a way for REITs to truly invest in this place where they are already seeing many economic benefits.

In addition, HACBED played a facilitating role in the State Asset Policy Task Force and was a key contributor to the State Asset Policy Road Map. Currently, the 2015 State Housing Demand Study made it clear that 75% of the housing needed by 2026 must be for households earning \$75,000 annually or less. Funds from eliminating the dividends paid to REITs should also be used to support the development of truly affordable living opportunities for families to be able to live here – again another way for REITs to reinvest in Hawai'i.

The passage of HB475 HD1 is an opportunity to recapture needed capital, and hopefully work with REITs to invest in place-based economic development and affordable housing development for families work and live in this place – Hawai'i.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Disallow REIT Deduction for Dividends Paid

BILL NUMBER: HB 475, HD-1

INTRODUCED BY: House Committee on Economic Development & Business

EXECUTIVE SUMMARY: This bill would disallow the dividends paid deduction that real estate investment trusts, or REITs, now enjoy. The numerous REITs who now own and manage Hawaii real estate would be taxed like any other corporation doing business in Hawaii. HD-1 earmarks 10% of the revenue generated to be used by DBEDT to fund economic development; earmarks generally reduce transparency and accountability and should be avoided.

SYNOPSIS: Amends HRS section 235-2.3(b) to provide that section 857(b)(2)(B) (with respect to the dividends paid deduction for real estate investment trusts) shall not be operative for Hawaii income tax purposes.

Amends HRS section 235-71(d) to provide that for tax years beginning after December 31, 2019, no deduction for dividends paid shall be allowed for REITs for Hawaii income tax purposes. Also provides that 10% of the revenue generated shall be used by DBEDT to fund economic development in the State.

EFFECTIVE DATE: Taxable years beginning after December 31, 2019.

STAFF COMMENTS: Currently under federal and state income tax law, a real estate investment trust (REIT) is allowed a dividend paid deduction, unlike most other corporations, resulting in that dividend being taxed once, to the recipient, rather than to the paying corporation. The proposed measure would make that section of the IRC inoperative for Hawaii income tax purposes for tax years beginning after 12/31/19, meaning that REITs would be subject to double taxation like other corporations.

All state income tax systems in the United States, including ours, have a set of rules that are used to figure out which state has the primary right to tax income. For example, most tax systems say that rent from real property is sourced at the location of the property, so if a couple in Florida rents out a property they own on Maui they can expect to pay our GET and our net income tax on that rent. These sourcing rules, which do vary by state but are relatively consistent across state lines, are there to assure consistent and fair treatment between states.

Sourcing rules, however, can yield strange results. Here, there is a Hawaii Supreme Court case saying that when real property is sold on the installment basis under an “agreement of sale,” where the seller remains on title until the price is paid (although the buyer can live in the house), then the interest on the deferred payments is Hawaii source income and is subject to our net income tax and our GET. There is also a Hawaii Tax Appeal Court case holding that when the seller instead finances the deal by taking a purchase money mortgage on the property, and does

not remain on title, then the mortgage interest is sourced to the residence of the seller, who in that case did not live in Hawaii. In the second case the court applied the rule for income from intangibles such as interest, royalties, and dividends, which says that income is sourced to the residence of the recipient unless you can connect it with some active business that the recipient is conducting somewhere else.

Real estate investment trusts (REITs) are source shifters. For income tax purposes, they take in rent income, which is sourced to the location of the property being rented. They don't pay income tax on that income as long as they distribute the money to their shareholders as dividends. The dividend income of their shareholders, on the other hand, is generally sourced to the residence of the shareholders. So, the income that the property states expected to tax is instead taxed in the states in which the shareholders live. And, to the extent that REIT shares are held by tax-exempt entities such as labor unions and retirement funds, passive income such as dividends may not be taxed at all. Source shifting is an issue specific to state taxation.

Apparently, the evil sought to be addressed by the bill is that (1) REITs are very visible in Hawaii, but do not get taxed because of the deduction allowed for dividends paid, while (2) many REIT owners who receive the dividend income are either (a) outside of Hawaii and don't get taxed either because they are outside of Hawaii, or (b) are exempt organizations that normally are not taxed on their dividend income. Normally we like to have our income tax law conform to the Internal Revenue Code to make it easier for people and companies to comply with it, but our legislature has departed from conformity when there's a good reason to do so (such as if it is costing us too much money). The issue is whether such a good reason exists here.

REITs do pay general excise and property taxes on rents received and property owned – as do the rest of us who are fortunate enough to have rental income or property to our name.

HD-1 added an earmark on the revenues generated. As with any earmarking of revenues, the legislature will be preapproving each of the initiatives fed by the tax earmark, so expenses from the funds largely avoid legislative scrutiny, and the effectiveness of the programs funded becomes harder to ascertain. It is also difficult to determine whether too little or too much revenue has been diverted from other priorities in the state budget.

If the legislature deems the programs and purposes funded by this special fund to be a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. If the money were appropriated, lawmakers would have to evaluate the real or actual needs of each program.

Digested 2/10/2019



SIERRA CLUB OF HAWAI'I

MĀLAMA I KA HONUA. *Cherish the Earth.*

HOUSE COMMITTEE ON FINANCE

February 20, 2019 4:00 PM Room 308

In **SUPPORT** of **HB 475 HD 1**: Relating to Taxation of Real Estate Investment Trusts

Aloha Chair Luke, Vice Chair Cullen, and members of the committee,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i, a member of the Common Good Coalition, supports passage of HB 475 HD 1- which seeks to establish a fairer tax system in the state of Hawai'i by disallowing dividends paid deduction for real estate investment trusts.

Since 1968, the Sierra Club of Hawai'i has worked to help people explore, enjoy, and protect the unique natural environment of the Hawaiian Islands. We believe that the health of our environment will benefit from a fairer tax system, such as the taxation of Real Estate Investment Trusts, and therefore support this bill.

Real Estate Investment Trusts are corporations that own income-producing real estate, like retail and hospitality-related establishments. Examples of REIT property include Ala Moana Shopping Center, Pearlridge Shopping Center, Hilton Hawaiian Village, the International Marketplace, and many others. There are 42 REITs operating in Hawai'i, with only 1 REIT having its main office in Hawai'i- meaning that almost all of these properties are owned by mainland-based corporations and shareholders.¹ As the law is currently written, all dividends paid out to REIT shareholders (at least 90% of REIT income) can be deducted from REIT income taxes. As a result, the state of Hawai'i is missing out on potential tax revenues of \$30-50 million annually from these corporations.²

We will defer to the Legislature on how the revenues from REIT taxes will be utilized, **but recommend that the 10% appropriated for economic development, as appropriated via the HD1, be removed.** We feel that funding for economic development comes secondary to protecting our natural resources, building much needed affordable housing, funding our schools and social services, and repairing public infrastructure in the face of climate change. There are many worthwhile projects that could use a dedicated source of funds from REIT taxes.

¹ http://files.hawaii.gov/dbedt/economic/data_reports/REIT_Final_9.19.16.pdf

² <http://hiappleseed.org/wp-content/uploads/2016/12/RevenueGeneratingMeasuresOverview.pdf>

The Sierra Club recognizes that there is a nexus between the environment and economic justice issues. This bill will require REITs and their shareholders to pay their fair share of taxes, creating a more equitable system to the benefit of all of Hawai'i. Our tax system reinforces our income inequality; forcing more and more families to live paycheck-to-paycheck and make short-term decisions about their lives that usually impose a greater burden on the natural environment. We support tax fairness because we know that with a more balanced tax system, Hawai'i's residents, our communities, and our environment as a whole will prosper.

Thank you very much for this opportunity to provide testimony in **support of HB 475 HD 1**.

Mahalo,

A handwritten signature in cursive script that reads "Jodi Malinoski".

Jodi Malinoski, Policy Advocate



Testimony of Church of the Crossroads
Supporting HB 475
House Committee on Finance
February 20, 2019 at 4:00 p.m. (Agenda #2) in Conference Room 308

The Church of the Crossroads was founded in 1922 and is Hawaii's first intentionally multicultural church.

Thank you for this opportunity to testify in support of the bill, with an amendment. For better or for worse, our country has adopted capitalism as its economic system. Business organizations compete among each other by creating competitive advantages that include, for example, lower pricing, better quality, and better service. Those businesses that compete successfully are able to survive and flourish.

The role of government is to create an infrastructure that supports business activity in general and to maintain a level playing field so that all businesses can compete fairly among each other.

The Hawaii State Legislature has passed legislation that conforms Hawaii tax law with the Internal Revenue Code to ease the administration of State taxes. In some cases, however, when the State would have been adversely affected, the Legislature made exceptions to the Internal Revenue Code.

The State adopted the federal REIT model in its entirety decades ago. By doing so, the State has, perhaps unintentionally, given a competitive advantage to REITs. They are corporations, but they do not pay a tax on their profits as other corporations do. Furthermore, corporate tax revenue funds much of the business infrastructure in Hawaii, so REITs get the benefit of that infrastructure, but they don't help pay for it. For the sake of equity and fairness, REITs should be required to pay taxes on their profits as do other corporations.

One result of requiring REITs to pay the corporate tax is that the State would receive an estimated \$60 million in additional tax revenue. Those funds could be applied to reducing the enormous shortage of housing that is affordable to low- and middle-income individuals and families. Some efforts are being made to build affordable housing, but much greater efforts must be made because the need is so great and the cost to develop housing is so high.

Various ideas for financing affordable housing are contained in a study entitled, "The Housing Action Plan Final Report to the State Legislature," which was funded by the Legislature and issued in 2017. Among the financing ideas is the dedication of new tax revenue for affordable/workforce housing or infrastructure, with the funds kept separate from the general fund.

This bill should be amended to separate the new REIT tax revenue from the general fund and to dedicate it 100% to the creation of affordable housing in Hawaii. With that amendment, the Church of the Crossroads supports this bill. Thank you.

February 18, 2019

Testimony IN FAVOR of HB 475 re: REITS

Aloha Chair Luke and Finance Committee Members,

I have read all the testimony submitted both in favor of and opposed to HB 475. As expected, it is the REIT owners who are opposed – the developers, shopping centers owners, self storage companies, and others whose properties are actually owned by REITS. Those opposed are community advocate groups, developers who do not REIT-ize their properties and others who feel that big business routinely rips off the little guy.

We don't actually know how much money will be generated by passing this bill. Advocates propose that it will be around \$60 million. That would be great – but we don't really know. The opposition claims that the state may actually lose money.

But whether we gain or lose revenue, passing this law will be a win for an equitable society because REIT property will be taxed the same as non-REIT properties. Equity is good.

REIT owners claim that Hawaii will lose in the long term because REITs will pull out. It is mostly REITs who have redeveloped our hotels – made Waikiki hotels look like hotels in every other resort city that they develop in. Waikiki no longer looks like Hawaii – standing on Kalakaua Avenue I could be anywhere in the world. Hawaii gained investment capital, but has perhaps, lost its soul. Hawaii hotels have an enviable occupancy rate. If REITS pull out, some other entity will move right in.

Big money is always tempting – but at what cost? Affordable housing for our residents? Well paying jobs for our young people?

Tax loopholes benefit the wealthy – not the community.

I whole heartedly support HB475.

Catherine Graham, co-chair
Housing Now Coalition of Faith Action for Community Equity

February 20, 2019

The Honorable Sylvia Luke, Chair
House Committee on Finance
State Capitol, Room 308
Honolulu, Hawaii 96813

RE: H.B. 475, HD1, Relating to Taxation of Real Estate Investment Trust

HEARING: Wednesday, February 20, 2019, at 4:00 p.m.

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

I am Ken Hiraki Government Affairs Director, submitting written testimony on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its over 9,500 members. HAR **opposes** H.B. 475, HD1, which disallows the dividends paid deduction for Real Estate Investment Trusts (REIT.)

In 1960, the United States Congress created REITs to allow all individuals, and not just the wealthy, the opportunity to invest in large-scale diversified portfolios of income producing real estate.

REITs are tied to all aspects of the economy, and has a major economic impact on our state by encompassing a full range of real estate. The following are examples:

- Affordable Housing: Waena Apartments and The Lofts at Kapolei
- Student Housing: Hale Mahana Student Housing
- Healthcare Facilities: Hilo Medical Center, Kapiolani and Pali Momi Medical Center
- Retail: Prince Kuhio Plaza, Whaler's Village and Ka Makana Ali'i

REITs bring in investment to help build thriving communities where residents can live, work and play. REITs not only provide a boost to our economy through construction of these projects, but create real job opportunities.

Under this measure, it proposes to remove the income tax deduction for dividends from a REIT, thereby creating a double taxation of income. HAR has concerns that this will become a disincentive to invest in Hawai'i and negatively impact the economy through these investments in real estate.

Mahalo for the opportunity to testify.

February 19, 2019

Hearing Date: February 20, 2019

Time: 4:00 P.M.

Place: Conference Room 308

The Honorable Sylvia Luke, Chair

The Honorable Ty J.K. Cullen, Vice Chair

House Committee on Finance

Re: Testimony *Opposing* Repeal of the REIT Dividends Paid Deduction - HB 475
H.D. 1 (HSCR481)

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance:

My name is Lily Yan Hughes and I am the Senior Vice President, Chief Legal Officer and Corporate Secretary of Public Storage. As I have previously testified for the hearings about the predecessors to this bill before the House Committee on Economic Development & Business, and the House Committee on Consumer Protection & Commerce, Public Storage is **strongly opposed** to HB 475 H.D. 1 (HSCR481) (and related bills such as SB 301).

Public Storage and Hawaii. Public Storage is a real estate investment trust that is the largest owner and operator of self-storage facilities in the United States, with almost 162 million rentable square feet of real estate in 38 states. In the United States we have approximately 2,425 facilities and 1.4 million tenants. We own and operate 11 facilities in Hawaii, 7 of which Public Storage developed, with that construction activity contributing directly to the state's economy. In 2018, the ongoing operation of Public Storage's Hawaii properties generated more than \$30 million of gross revenue and we paid the state about \$1.4 million of general excise tax. For the 2018/2019 fiscal year, we will pay almost \$2.25 million of real estate taxes in Hawaii.

Because we are taxed as a real estate investment trust (REIT), Public Storage is effectively required to distribute all taxable income to our shareholders. The shareholders then report and pay state and federal tax on those dividends. Our shareholders in Hawaii are taxable by the state on the full amount of our dividends (not just the very limited portion of those dividends attributable to the 11 properties we have in the state, compared to about 2,425 properties across the nation), so the state benefits from the REIT regime because Hawaii shareholders are taxed on all of the distributed income.¹

Proposed Repeal of the Hawaii DPD. The bill would eliminate the "dividends paid deduction" (DPD) for Hawaii income tax purposes for REITs. The DPD is a central feature of the taxation of REITs. REITs get the deduction because they are effectively required to

¹ We are confident that investors in Hawaii directly and indirectly hold significant PSA shares, but we cannot specifically identify our shareholders in Hawaii. Our common stock is traded publicly on the New York Stock Exchange under the symbol PSA. Publicly traded companies typically cannot specifically identify their shareholders, as most publicly traded stock is held by depositaries in street name.

distribute their income to their shareholders, who are currently taxable on those dividends. In this respect, REITs are most comparable to other “pass-through” entities such as S corporations, LLCs or partnerships, which also are not separately subject to entity level income tax in Hawaii (instead, a single level of tax applies at the level of the beneficial owners).

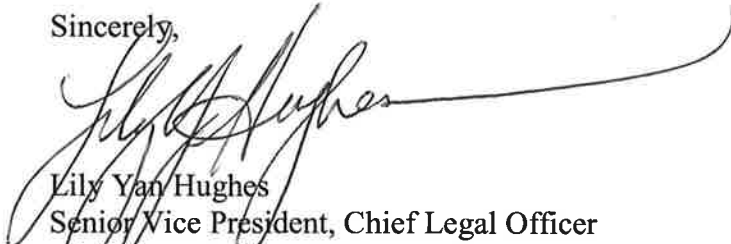
Simply a Tax Increase, Causing Double Taxation. While the bill offers no explanation or justification for the proposed DPD repeal, the Committee on Economic Development & Business commented “that businesses suffer an inordinate amount of taxation in Hawaii, and that source shifting the tax base to entities such as real estate investment trusts will help to create a more level business playing field.” Plainly, the motivation is to shift Hawaii taxes to REITs, and the ED&B committee seemed not to appreciate that such a new tax will further increase the taxation of businesses operating in Hawaii. The new tax also would not create a “level business playing field” since it will impose double taxation on REIT shareholders, in contrast to the single level of tax applied to other pass-through type entities, such as partnerships, LLCs, and S corporations. REITs are not comparable to regular C corporations that are subject to local taxes because REITs are required to distribute their income and are subject to significant operating restrictions governing their income and assets. The taxes are paid by REIT shareholders on the dividends they receive.

Chasing REITs Away, Adverse Ripple Effects. While apparently motivated by a misguided effort to raise added tax revenue, the bill can be expected to have the opposite effect. Although proponents of the bill have offered completely unsupported estimates of annual tax collections of \$50 to \$60 million or more, Hawaii’s Department of Taxation has been reported to say that the bill only would produce collections of about \$2.2 million in its first year with perhaps \$10 million in subsequent years. Most importantly, such an anti-business tax would strongly incentivize REITs to reduce or avoid future investment in, and possibly redirect investments away from, the state. That could be expected to have adverse long term effects on the Hawaii economy and the state’s tax collections. An economic study prepared for Nareit by Paul H. Brewbaker, PhD., CBE in December 2015 suggested that by repealing the DPD, Hawaii could lose more revenue from foregone economic activity than might be gained in taxes payable by REITs.

Breaking the Mold; Inconsistent with Federal and Other State Treatment. Enactment of HB 475 H.D. 1 (HSCR481) or a similar measure would make REITs separately taxable in Hawaii, imposing a double tax regime that is completely contrary to the accepted federal and state tax treatment of REITs. No state that imposes income tax upon REITs (other than New Hampshire) denies the dividends paid deduction as proposed by HB 475 H.D. 1 (HSCR481). Indeed, over the past decade or so, a number of states (*e.g.*, Idaho, Louisiana, New Jersey, North Carolina, and Rhode Island) have examined, and then rejected, legislation that would have disallowed a widely-held REIT’s DPD in those states.

Strong Recommendation: Do NOT Move this Bill Forward. As when Hawaii's legislature considered similar proposals in recent years, Hawaii should decline to enact this bill, so that the DPD for widely-held REITs will continue. We respectfully request that you do ***not*** move forward HB 475 H.D. 1 (HSCR481) or any similar bill.

Sincerely,



Lily Yan Hughes
Senior Vice President, Chief Legal Officer
& Corporate Secretary of Public Storage
lughes@publicstorage.com
818.244.8080, extension 1537

cc: Department of Taxation
Department of Business, Economic Development & Tourism



February 19, 2019

Hearing Date: February 20, 2019
Time: 4:00 p.m.
Place: State Capitol, Conference Room 308

Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair
Committee on Finance
415 South Beretania Street
Honolulu, Hawaii 96813

Re: Testimony in Opposition to House Bill No. 475, HD 1

Dear Chairwoman Luke, Vice-Chairman Cullen and Committee Members:

Thank you for the opportunity to provide written testimony on House Bill No. 475, HD 1. The intent of the Bill is to disallow the dividends paid deduction; subjecting REIT investment in Hawaii to double taxation contrary to the taxation of REITs nationwide. As we have previously testified, we are not in support of these types of measures and believe this is not the appropriate legislative path to take with respect to REITs. We are Francis Cofran, the Senior General Manager of Ala Moana Center, the largest retail center in the state of Hawaii, and Jared Chupaila, EVP, Chief Operating Officer of Brookfield Properties, an owner of Ala Moana Center.

GGP has now become Brookfield Property REIT and is an affiliate of Brookfield Asset Management. Brookfield Properties' retail group, which encompasses the former GGP portfolio as well as other retail properties within the Brookfield group, has an extensive portfolio of mall properties encompassing 161 locations across 42 U.S. states. Brookfield Properties assures premier quality and optimal outcomes for our tenants, business partners and the communities in which we do business. Brookfield Properties continues GGP's legacy of being a part of the economic fabric of Hawaii for more than 30 years (since 1987) -- managing, owning and reinvesting in its Hawaii real estate assets as part of a long-term commitment that provides economic stability, growth, and jobs through all economic cycles.

Brookfield Properties operates three major retail shopping centers in Hawaii – the Prince Kuhio Plaza in Hilo, Whalers Village in Lahaina, and the Ala Moana Center in Honolulu. The latter two are iconic visitor attractions that help sustain Hawaii's important tourism industry. In addition to their important role in tourism, all three centers directly benefit the state and local economy through the Hawaii general excise tax.

ALA MOANA CENTER

1450 Ala Moana Blvd, Suite 1290, Honolulu, HI, 96814
T +1 808 946 2811 F +1 808 955 2193 BrookfieldPropertiesRetail.com

These centers are also key gathering places for our local communities. Home to more than 350 stores and restaurants, Ala Moana Center is one of Hawaii's most frequented destinations for shopping, dining and entertainment. As we embark on our 60th year as the community's premier gathering place, we are proud to offer everything from office space; specialty services like Satellite City Hall, dry cleaning, and postal services; more than 100 food and beverage offerings that include full-service restaurants to quick-service food courts; discount tenants like Ross and Old Navy; health clubs; grocery and drug stores; luxury tenants; stores that can only be found in Hawaii; and of course our anchor stores which include Bloomingdale's, Neiman Marcus, Nordstrom, Macy's and Target. Over the years, we have introduced many first-to-market stores, including the Nordstrom and Bloomingdale's department stores. Our two office buildings, which include the Ala Moana Building (Bank of Hawaii) and Ala Moana Pacific Center (Shokudo Building), are occupied by a mix of more than 190 corporate tenants and service providers, including doctors, dentists, attorneys and more. About 80 percent of these tenants are local and cater to mostly residents.

Efficient REIT capital allows us to constantly reinvest in and enhance the customer experience. For example, we are very supportive and proud of the activities that take place at the new Center Stage at Ala Moana Center, our sponsorship of the Fourth of July firework celebration and our enhancements at Whaler's Village. Efficient REIT capital also allows us to make infrastructure and other improvements which bear fruit in projects such as Foodland Farms at Ala Moana Center, and the new Lanai food court, which opened last year.

In prior year legislative sessions, we have testified in opposition to attempts to eliminate the deduction for dividends paid by REITs. That testimony has focused on the following points:

- If Hawaii enacts this legislation, it will be out of step with all other states with respect to the dividends paid deduction for REITs (with the exception of New Hampshire, where we believe REIT investment has been inhibited).
- The deduction for dividends paid by REITs results in a single level of taxation at the shareholder level which is consistent with how limited liability companies, Subchapter S corporations and partnerships that own real estate are taxed. Changing this would put REITs at a disadvantage in relation to these other forms of doing business.
- REITs produce substantial economic benefits to the State of Hawaii in the form of jobs, general excise tax, income tax from persons working or engaging in business at REIT properties, and real property taxes. The three properties annually pay more than \$32 million in real property and general excise taxes – metrics that clearly demonstrate that REITs are investing in the economic well-being of the state and its residents.

ALA MOANA CENTER

1450 Ala Moana Blvd, Suite 1290, Honolulu, HI, 96814
T +1 808 946 2811 F +1 808 955 2193 BrookfieldPropertiesRetail.com

- During 2012-2016, Brookfield Property REIT invested almost \$1 billion in capital to construct additional retail square footage and residential condominiums based on the existing Hawaiian tax regime. During the construction period, we estimated economic activity of 11,600 full- and part-time jobs and over \$146 million of state revenue including indirect community benefits. Post-construction, the additional retail will produce an incremental \$33 million of state revenue and 3,000 jobs annually.
- Future expansion plans could be reconsidered if the attractiveness of investing in Hawaii relative to the rest of the United States is diminished through the enactment of this bill.

In September 2016, the Department of Business, Economic Development & Tourism ("DBEDT") released its final study on REITs in Hawaii. The report specifically notes that the estimates do not take into account changes in behavior, including the likelihood of reduced future REIT investment, if there are additional impediments to REIT or shareholder returns. Similarly, the report does not address the revenue loss to the State resulting from future reduced REIT investment. Last week, Donovan M. Dela Cruz, the Committee Chair of the Senate Ways and Means Committee, while having a hearing on SB 301, a similar measure, noted that the Department of Taxation told him that there would be a smaller amount of revenue to be earned than the figures thrown out by the proponents of the measure. To deviate from the national legislative norm is not good policy.

Please do not allow the perception of a revenue increase override the long-term economic benefits that REIT investment under the existing tax regime brings to the state of Hawaii and its residents. For the foregoing reasons, we respectfully oppose House Bill No. 475 and urge you to not let it move forward. Thank you for your consideration.

Sincerely,



Francis Cofran
Senior General Manager



Jared Chupaila
EVP, Chief Operating Officer

ALA MOANA CENTER

1450 Ala Moana Blvd, Suite 1290, Honolulu, HI, 96814
T +1 808 946 2811 F +1 808 955 2193 BrookfieldPropertiesRetail.com



Douglas Emmett Management, LLC
1299 Ocean Avenue, Suite 1000, Santa Monica, California 90401
Telephone 310.255.7700

February 19, 2019

Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair
House Committee on Finance

RE: HB 475 HD1 Relating to Taxation of Real Estate Investment Trusts – In Opposition
Wednesday, February 20, 2019; 4:00 PM; Conference room 308; Agenda #2

Aloha Chair Luke, Vice Chair Cullen and Members of the Committee:

On behalf of Douglas Emmett, Inc. (“Douglas Emmett”), we appreciate this opportunity to present testimony expressing concerns on HB 475 HD1, which disallows a dividends-paid deduction for real estate investment trusts (“REITs”).

Douglas Emmett has been investing in Oahu for over fifteen years. We currently own approximately 1,800 workforce rental apartment units and have almost completed new construction of 475 workforce rental units at the Moanalua Hillside Apartments. We also own three large office properties in downtown Honolulu, including Bishop Square, Bishop Place and Harbor Court.

On February 12th, we announced plans to invest between \$80 million and \$100 million to convert our 1132 Bishop Street office tower to approximately 500 workforce apartment units. The first units should come online in 2020 with rents targeted to serve local families in the 80% to 120% Average Median Income range. We are proceeding on the conversion to workforce housing without the benefit of any taxpayer subsidies such as real estate tax or excise tax forbearance. In addition to meeting the critical need for workforce housing, the project will provide construction jobs, generate excise taxes of approximately \$4 million to \$5 million on the investment and produce additional annual excise taxes of hundreds of thousands of dollars.

Douglas Emmett has been an active member of the local communities, most recently sponsoring the Prince Lot Hula Festival, which is organized by the Moanalua Gardens Foundation, and Bishop Museum’s Annual Dinner. We are also large regular donors to the Boys & Girls Club of Hawai’i, and were one of the largest donors to The Shelter (First Assembly’s initiative to provide transitional housing to homeless people that looks like igloos). Our CEO, an active environmentalist, also co-founded Waiwai Ola Waterkeepers Hawai’ian Islands.

HB 475 HD1 will unfairly negatively impact those that invest in real estate through REITs, including Hawai’i residents and Hawai’i pension funds, because they will be subject to double taxation (the REIT will pay tax on its income and then the individual will pay tax again on his or her distributions from the REIT).

With the exception of corporations, most companies and partnerships are subject to a single tax. Historically, real estate was held in one of these single tax entities and was owned by a small number of wealthy individuals. Larger properties were owned by tax exempt entities.

REITs were introduced to create a single tax structure for individuals to invest in real estate in order to “level the playing field” for small investors. Anyone can now buy a share of Douglas Emmett and own a “piece” of the REIT’s buildings. Those individuals are treated similarly to other institutional investors and wealthy individuals who invest through partnerships and limited liability companies (which do not subject them to “double tax”).

Although the dividends are deducted at the REIT level to avoid double taxation, REITs – just like any other property owner in Hawai’i – are required to pay all other taxes associated with their real estate holdings, including real property taxes, occupancy taxes, and general excise taxes.

By imposing a double tax on REITs, Hawai’i will effectively lower the returns on our Honolulu workforce housing investments and will place Hawai’i at a competitive disadvantage compared to other states for one of the best sources of capital to build workforce housing and improve our communities. Presumably, over time, the real estate would transfer back to single tax entities that are dominated by tax exempt entities with large sums to make direct investments, such as endowments, foundations and pension funds. These investors pay no state income tax.

As a stakeholder in Hawai’i, Douglas Emmett believes HB 475 HD1 will eliminate an important source of capital that generates substantial local economic activity. Inasmuch as HB 475 HD1 appears to be outside of the best interest of the residents of Hawai’i and the objectives of the State to encourage the investment into, and growth of, Hawai’i’s economy, we respectfully ask that you defer HB 475 HD1.

Respectfully,



Kevin Crummy
Chief Investment Officer



Michele Aronson
Senior Vice President



February 19, 2019

Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
Members of the House Committee on Finance
Thirtieth Legislature
Regular Session of 2019

RE: **HB 475, HD1 – RELATING TO TAXATION OF REAL ESTATE
INVESTMENT TRUSTS**
Hearing date – February 20, 2019 at 4:00 pm

Aloha Chair Luke, Vice Chair Cullen and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **OPPOSITION** to HB 475, HD1 – Relating to Taxation of Real Estate Investment Trusts. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

Over the past few years, REIT investment has resulted in several billion dollars of construction activity, creating thousands of local jobs, both construction and permanent, and helping our community maintain a strong economy.

REITs have continued to contribute to our community by investing in affordable housing, retail, healthcare, office buildings and other commercial projects that will serve our community and local families for decades to come.

HB 475, HD1 would disallow the dividends paid deduction for REITs. Hawaii is already among the most heavily taxed states in the entire country which stifles economic growth, and HB 475, HD1 would make Hawaii one of only two states to disallow the dividends paid deduction. This change would create additional barriers to do business in our state and would negatively impact the level of interest in future investment in Hawaii and put jobs and revenues at risk.

Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair
Members of the House Committee on Finance
February 19, 2019
Page 2

Simply put, the bill will not provide the tax benefit assumed, but increase even further, the cost of doing business in this state. Accordingly, we respectfully urge you to defer HB 475, HD1.

Mahalo for your consideration,

Scott Settle, Director
NAIOP Hawaii

WRITTEN TESTIMONY OF

**DARA F. BERNSTEIN
SENIOR VICE PRESIDENT & TAX COUNSEL
NAREIT
IN OPPOSITION TO HB 475 HD 1**

**BEFORE THE HAWAII HOUSE
COMMITTEE ON FINANCE**

**THE HONORABLE SYLVIA LUKE, CHAIR
THE HONORABLE TY J.K.CULLEN, VICE CHAIR**

HEARING ON HB 475 HD 1

**FEB. 20, 2019
4:00 P.M.**

Thank you for the opportunity to submit this testimony on behalf of the Hawai'i members of Nareit. Nareit is the worldwide representative voice for real estate investment trusts—REITs—and publicly traded real estate companies with an interest in U.S. real estate and capital markets. These REITs, which have substantial long-term investments in Hawai'i, strongly oppose, and ask you to hold, H.B. 475 HD 1, legislation that would eliminate the “dividends paid deduction” (DPD) for all widely-held REITs contrary to federal income tax rules and the existing laws of virtually every other state with an income-based tax system, for the reasons discussed below.

In summary, HB 475 HD 1 would: 1) produce less net tax revenues (taking into account the GET as the predominant source of revenue in Hawai'i) than current law; 2) cause capital markets to invest less in the State, which in turn would create fewer jobs over the long-term; and, 3) violate core comity principles in relationship to other states and their citizens. Further, if the legislature wanted to enact true tax conformity between REITs and partnerships/LLCs, HB 475 HD 1 should be broadened to impose on partnerships/LLCs the same burdens that would apply to REITs, namely that partnerships/LLCs would be required to annually distribute all their earnings to investors, and an entity-level tax would be applied to the partnership/LLC's earnings. Of course, this solution could be expected to be met with fierce opposition by the investment community.

Many Hawai'i residents may not even realize that they benefit from REITs either through mutual funds or their pension or retirement accounts. [Nareit analysis of data](#) from 2016 Federal Reserve Board Survey of Consumer Finances (SCF), the Employment Benefit Research Institute data on 401(k) equity allocations (EBRI), Census population and household counts, and Morningstar Direct data, indicate that about 44% of Hawaii households own REIT stock directly and/or through mutual funds or certain retirement accounts (See attached chart comparing REIT ownership by Hawai'i households to that in other states.). There are more than 200 publicly traded REITs, and only about 30 REITs with Hawai'i properties. As a result, a significant portion of REIT ownership most likely relates to REITs with properties outside of Hawai'i.

HB 475 HD 1 Would Produce Less Revenue Than Current Law

Because of unique requirements applicable to REITs, the State received more than \$16 million in annual General Excise Tax (GET) in 2018 alone just from hotel REITs in Hawai'i that non-REIT hotel owners wouldn't owe. Federal law requires that REITs must earn most of their income from “rent” and similar real estate income. For this purpose, hotel room charges and other operating/service-related income are not “rent”. Unlike other owner-operators, REITs with operating properties like hotels, hospitals, parking garages, and theme parks must either lease those properties to a third party operator (like Marriott or Hilton) or with hotels and certain health care properties, to a fully taxable subsidiary in exchange for market-based rent. If leased to a taxable subsidiary, federal law requires the subsidiary to hire an independent operator. In Hawai'i, the operator/subsidiary lease results in one level of REIT-specific GET revenue to the State, and the management fee results in yet another level of REIT-specific GET revenue to the State. (See attached diagram).

For example, Park Hotels & Resorts, Inc. leases its Hawai'i hotels to a taxable subsidiary, and, in Hawai'i, the taxable subsidiary hires Hilton to operate its hotels. Both the subsidiary rents and the operator fees have resulted in an **additional annual GET of approximately \$9.5 million** to Hawaii for each of 2017 and 2018 that the prior owner, Hilton, as a non-REIT hotel owner-operator, wasn't

paying before. When aggregated with other REIT hotel owners in Hawai'i, this additional GET is estimated to **exceed \$16 million in 2018**.

And as a tax on gross receipts rather than a tax on net income, the GET makes up the majority of the State's revenue, constituting a much larger percentage of the State's budget (around 50%) than the corporate income tax (around 1-3%) and a much more stable source of State revenues than corporate income tax, which goes up and down according to the economy. (For example, see data from Council on State Revenues for [FY 2019 To FY 2025](#)). **HB 475 HD 1's enactment would seriously endanger this extremely valuable source of GET revenues to the State.** Not only that, enactment also would put at risk the revenues and jobs created by non-hotel REITs that invest in the State.

This additional GET does not even consider the tens of millions of dollars of GET revenues generated from construction, repairs, and tenant businesses, as well as personal income tax and transient accommodation taxes directly attributable the billions of dollars invested by REITs over the past few years in the State to build, among other investments, student housing at UH Manoa or affordable rental housing, including Moanalua Hillside Apartments in Aiea. REITs also provide office space for small businesses that employ thousands of local residents. Medical facilities made possible by REITs, like Hale Pawa'a, also ensure Hawai'i physicians can deliver the highest quality care in state-of-the-art facilities.

During deliberations following the Senate Ways and Means Committee hearing on companion bill SB 301, Senate Ways and Means Committee Chair Dela Cruz noted that the Department of Taxation has estimated that, at best, SB 301 would raise about \$2 million the first year and \$10 million annually thereafter. Given the risk of losing up to \$16 million in GET annually, it would not be prudent to enact HB 475 HD 1. In addition, during the Feb. 12, 2019 House Committee on Consumer Protection & Commerce hearing on HB 475 HD 1, the Department of Taxation's (DoTax) representative confirmed the above estimate. However, he cautioned that the actual revenue could be lower due to taxpayers' claiming additional deductions to which they were otherwise entitled.¹ He also noted that the numbers in the 2016 Department of Business, Economic Development & Tourism study concerning REITs were similarly "incorrect."²

Unlike non-REIT property investors, REITs can't retain their earnings. Like other corporations, REITs are subject to the corporate income tax rules. However, if REITs meet specific requirements to ensure that they are widely-held, long-term investors in real estate, and they distribute at least 90% of their taxable income to shareholders, REITs can claim a dividends paid deduction (DPD). REITs can retain up to 10% of taxable income (for example, during a recession) but must pay corporate tax on what they retain. While REITs are subject to requirements that other businesses are not, HB 475 HD 1 would enact a drastic policy change that would put Hawaii at odds with virtually all other states regarding the taxation of REIT income at the shareholder level only based on the state of shareholder residence.

Unlike other real estate businesses, REITs cannot be in the business of "flipping" properties. – Any gain from a REIT's doing so is subject to a 100% tax. REITs are long-term neighbors in this

¹ Note discussion around 3:40:17 to 3:41:33 of the Feb. 12, 2019 hearing video available at [this link](#).

² Note discussion around 3:40:53 of the Feb. 12, 2019 hearing video available at [this link](#).

community. The conflation of REITs with the activities in Kakaako suggests that the nature of REITs is not fully understood. REITs hold their investments for a very long time. These entities are not making a quick profit and leaving town; they are making long-term real investments back into the community and improving the State's retail, office, hotel, affordable rentals, and medical facilities.

Hawai'i taxes REIT shareholders on dividends from out-of-state sources. For example, securities law filings show that Hawaii-based institutional investment managers own tens of millions of dollars' worth of REIT stock. The chilling effect of this measure --which would result in Hawai'i's REIT investment's being taxed differently from REIT investment virtually anywhere else-- would cause such local investors to consider avoiding investment in REITs with Hawai'i interests if Hawai'i REIT investment is taxed differently from REIT investment virtually anywhere else, resulting in less revenue for the state.

HB 475 HD 1's Enactment Would Lose Jobs for Hawai'i Residents

HB 475 HD 1 risks significant job loss. Enactment of HB 475 HD 1 would potentially result in a reduction of millions of dollars of new REIT investment, a shift in property ownership to tax-exempt owners like pensions and endowments, and loss of revenue and the stability of hundreds of the jobs generated by REITs to the State. While it may be easy to argue that no jobs will be lost by the onerous burdens and double taxation proposed by HB 475 HD 1, these existing and potential jobs belong to real people. Is it fair to risk significant job loss by enacting this proposal?

Enacting this proposal would signal Hawai'i's discouragement of long-term capital investment in the State. REITs provide sorely needed investment capital to Hawai'i. If this measure is passed it is very likely that potential REIT and non-REIT investors, fearing unexpected law changes post-investment, would choose to deploy their capital elsewhere, Hawai'i would be on the outside looking in.

Hawai'i's significant economic growth over the past several years is, and we hope into the future, will be, a direct result of REIT investment. The popular new addition to Ala Moana Center was made possible by REIT funding. That project alone was estimated to have brought in more than \$146 million in state revenue in 2016. Since completion, the additional retail sales produced some estimated \$33 million in GET revenue for the state, along with 3,000 new jobs.

Hawai'i residents have benefitted from REIT investment, which made possible dining at the Cheesecake Factory at Ka Makana Ali'i or taking their family to Wet'n'Wild or going shopping at Pearlridge, more eating choices and better Waikiki parking opportunities with the re-development of the International Market Place, not to mention the financial benefits to the Queens Health System, which is the landowner.

These jobs and tax revenue would not be here without REIT funding. REIT investment occurred during the recession we recently experienced. While regular investors shied away from re-development, REITs continued to build and improve their properties, providing a boost to the State's local economy through needed construction jobs and later retail jobs for the completed projects.

While REITs in Hawai'i have been good for the local economy, they have also supported a wide variety of non-profit organizations providing much-needed services throughout the state. For example, Washington Prime Group's Pearlridge Center has partnered with the Honolulu Chapter of the American Institute of Architects to support the "Canstruction" project. [Over the past 13 years](#), more than 377,042 pounds of food has been raised through this event to help feed the hungry in Hawai'i – providing more than 296,884 meals.

HB 475 HD 1 Would Violate Core State Comity Principles

HB 475 HD 1 would be contrary to federal income tax rules and the existing laws of virtually every other state with an income-based corporate tax system. Virtually every state with an income-based tax system, including Hawaii currently, allows REITs a deduction for dividends paid. (New Hampshire is the only state with income-based corporate tax that does not permit a DPD. New Hampshire has much less REIT investment than Hawai'i; see attached chart.) Additionally, Hawai'i currently taxes all REIT dividend income received by Hawaii resident shareholders, regardless of where the REIT's real estate is located or the REIT does business.

All other states that impose income taxes also tax the REIT income based on the location of the resident that receives the REIT dividends and not based on the location of the real estate. HB 475 HD 1 would eliminate this comity of state taxation principles by unilaterally double taxing REITs (and their shareholders) that do business in Hawai'i. In past years, a number of states such as Idaho, Louisiana, New Jersey, North Carolina, and Rhode Island have examined, and then rejected, the disallowance of a widely-held REIT's DPD.

HB 475 HD 1 Would Not Create Parity Between Partnerships/LLCs and REITs

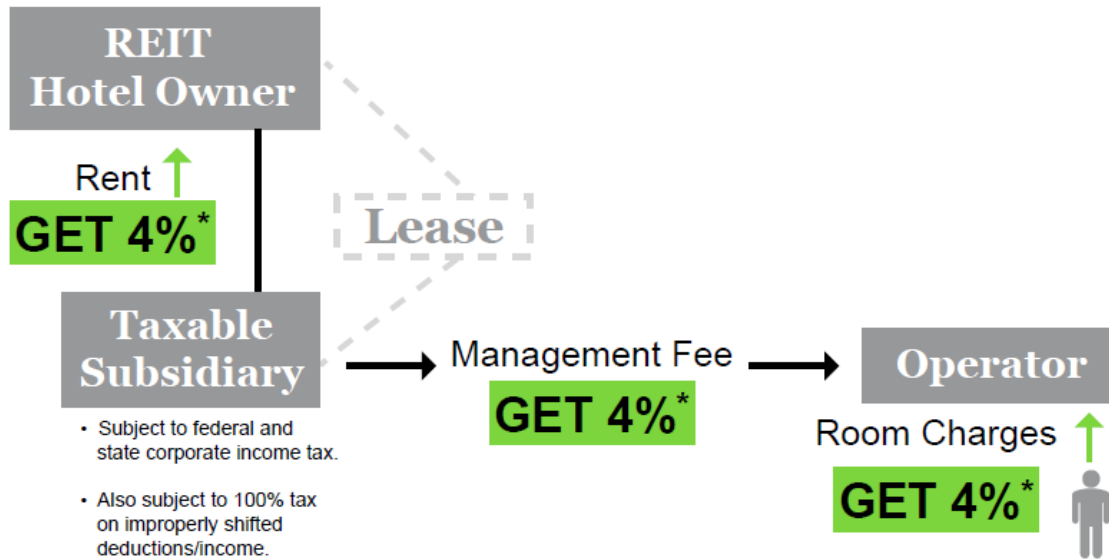
If the legislature wanted to enact true tax conformity between REITs and partnerships, HB 475 HD 1 should be broadened to impose on partnerships the same burdens that would apply to REITs, namely that partnerships/LLCs would be required to annually distribute all their earnings to investors and still be subject to an entity-level tax applied on those. Of course, any such effort presumably would be met with fierce resistance from the investment community.

Please Do Not Enact HB 475 HD 1

Considering the many problems with the provisions of this measure and the likelihood for real economic harm that could result if it were to pass, the Hawai'i members of Nareit respectfully ask that you hold this bill.

REIT-Owned Hotels: Triple General Excise Tax (GET) to Hawai'i

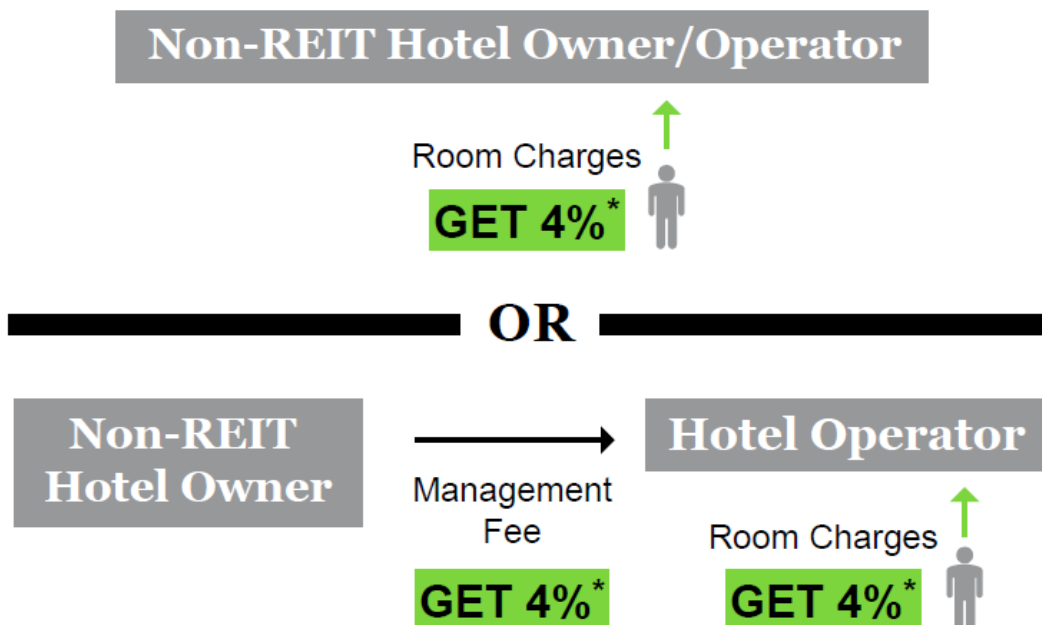
As a REIT, most income must come from "rents," or other passive real estate-related income. Hotel operating income does not qualify; thus hotel REITs must lease their hotels to a taxable company.



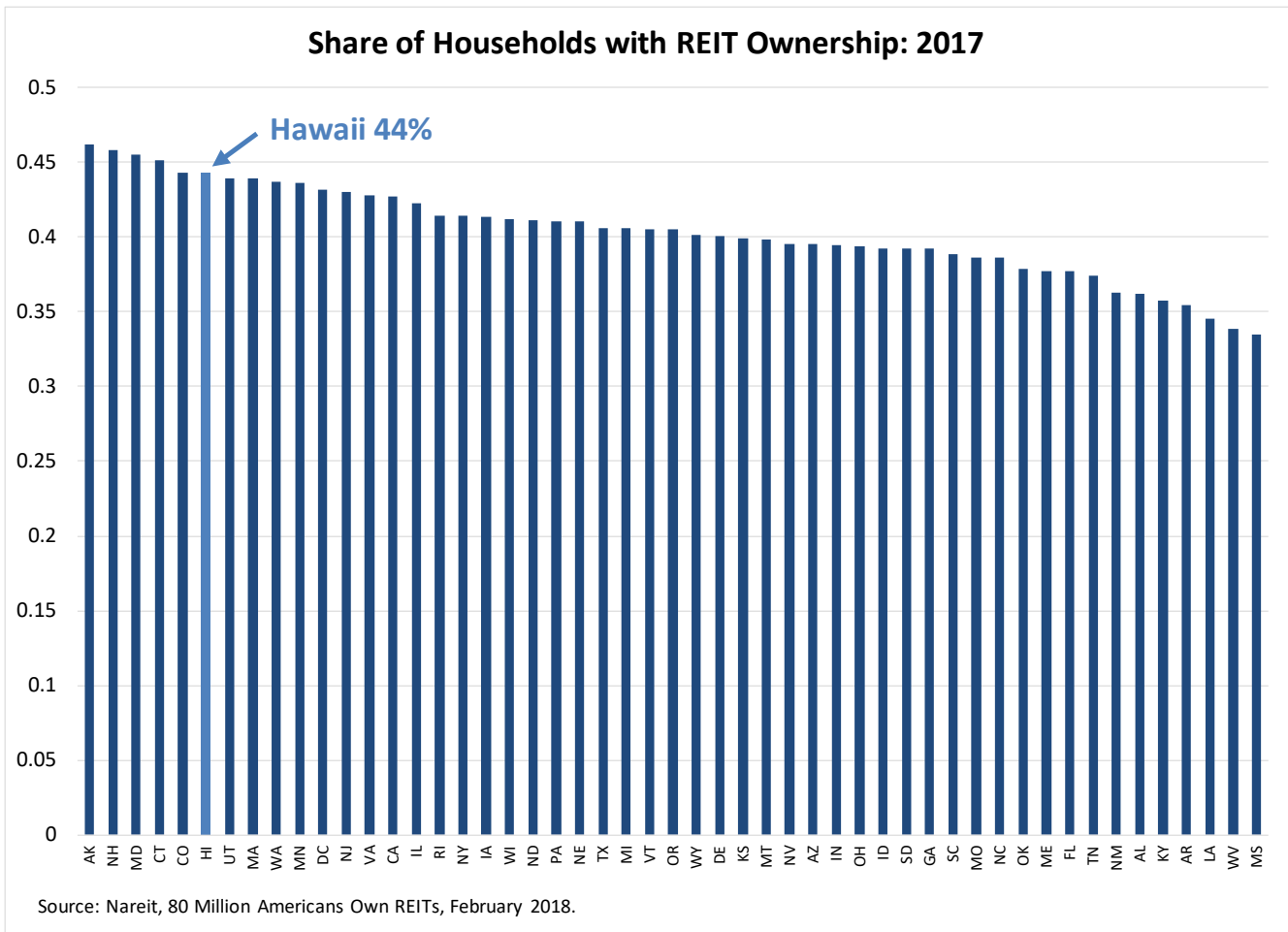
- If hotel REIT leases to a taxable subsidiary, the taxable subsidiary must hire an independent operator to manage the hotel.
- REIT-owned hotels pay GET to Hawai'i three times.
- Non-REIT owned hotels pay GET to Hawai'i only one or two times as seen in the following chart.

Non-REIT Owned Hotels: Single or Double GET to Hawai'i

Non-REIT hotel owners either can 1) own and operate hotels, or 2) own their hotels and hire an operator (e.g., Hilton, Marriott, or Hyatt, etc.) to manage their hotels.

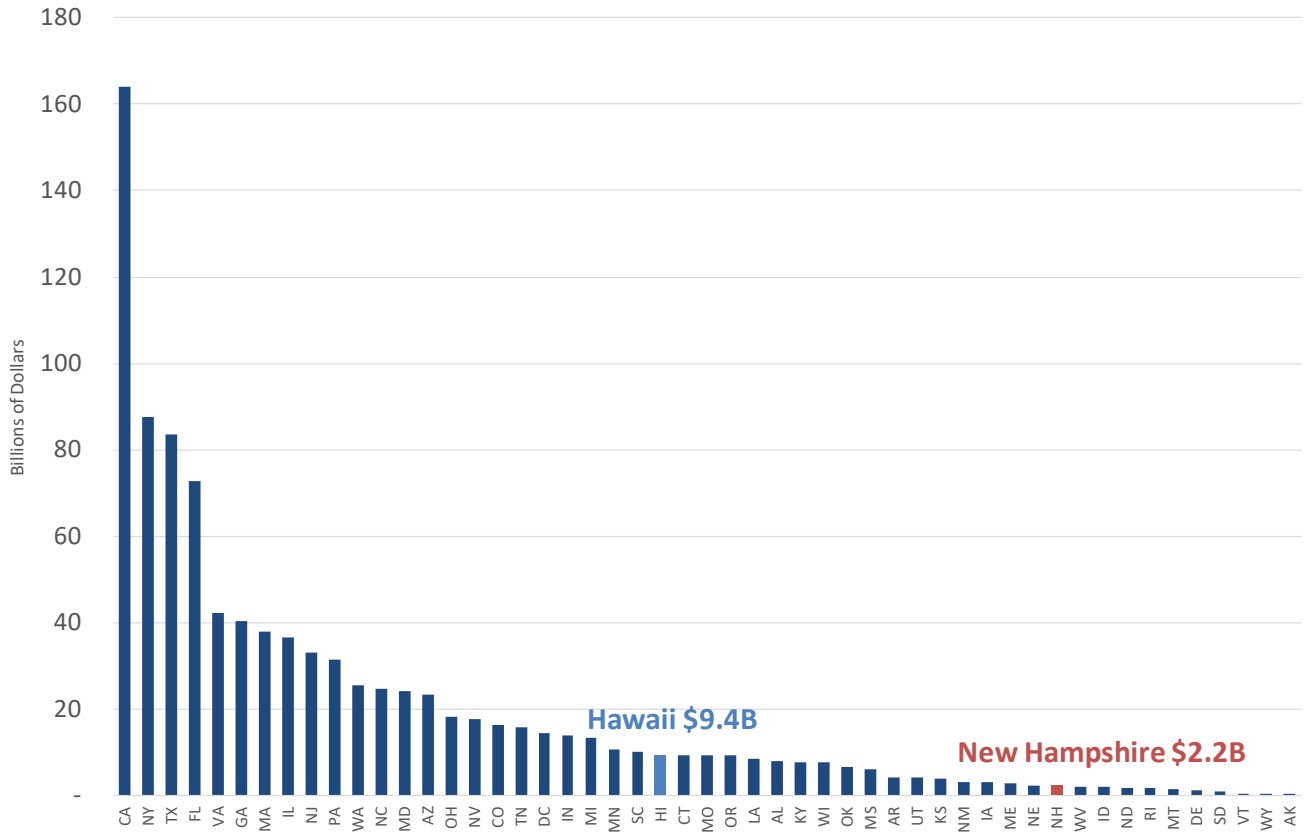


* Minimum



As shown in the above chart, [Nareit analysis of data](#) from 2016 Federal Reserve Board Survey of Consumer Finances (SCF), the Employment Benefit Research Institute data on 401(k) equity allocations (EBRI), Census population and household counts, and Morningstar Direct data, indicate that about 44% of Hawaii households own REIT stock directly and/or through mutual funds or certain retirement accounts.

REIT Property Ownership by State



Source: Nareit analysis of data from S&P Global Market Intelligence. 2017 data. Property value is historic cost.



ALEXANDER & BALDWIN
PARTNERS FOR HAWAII

**HB 475 HD1
RELATING TO TAXATION OF REAL ESTATE INVESTMENT TRUSTS**

**PAUL T. OSHIRO
DIRECTOR – GOVERNMENT AFFAIRS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 20, 2019

Chair Luke and Members of the House Committee on Finance:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin (A&B) on HB 475 HD1, “A BILL FOR AN ACT RELATING TO TAXATION OF REAL ESTATE INVESTMENT TRUSTS.” We respectfully oppose this bill.

While A&B has always been a Hawaii-based company, in 2012, A&B made a strategic decision to migrate its mainland investments back to Hawaii. Since then, A&B has sold all of its mainland properties and has reinvested the proceeds back in Hawaii—acquiring properties including the Kailua Town commercial center, Manoa Marketplace, Waianae Mall, Laulani Village (Ewa Beach), Puunene Shopping Center (Maui), and Hokulei Village (Kauai). In 2017, A&B then made the decision to convert to a real estate investment trust (REIT) to better support our Hawaii-focused strategy and increase our ability to invest in Hawaii, in an increasingly competitive environment. A REIT structure enables A&B to attract new investors to its stock, giving us capital to invest in our Hawaii-focused strategy, and puts us in a better position to compete with large, out-of-state investors, with greater sources of capital, for the acquisition of Hawaii properties, thus keeping them in locally-owned hands. Furthermore, REITs are structured to be long-term

holders of real estate, thus complementary to A&B's goal of being Partners for Hawaii, with a long-term presence in our communities.

Real estate investment trusts were established by Congress in 1960 to enable all sizes of investors to invest in real estate. REITs generally own, operate, and finance income-producing commercial real estate such as shopping malls, hotels, self-storage facilities, theme parks, and apartment, office, and industrial buildings. Unlike other corporations, REITs must meet several restrictive regulatory requirements which includes a requirement under Federal Law to distribute at least 90% of its taxable income to its shareholders as dividends. At present, all states except for one (New Hampshire) allow REITs to pass through the dividends to its shareholders without the imposition of a corporate tax, as the individual shareholders will pay the tax on these dividends in their home state of residence.

The purpose of this bill is to repeal the dividend paid deduction for real estate investment trusts. Repeal of the dividend paid deduction will result in the double taxation of shareholder dividends for REIT properties situated in Hawaii. The passage of this bill will essentially result in Hawaii REITs distributing, as mandated by Federal Law, at least 90% of their taxable income to shareholders however, unlike the other states, the REIT will pay Hawaii corporate income tax prior to making the dividend distribution to its shareholders, thus reducing the amount of dividends shareholders will receive. In addition, shareholders of Hawaii REIT properties will also be responsible to pay income tax in their home state on the distributed dividends—a second tax on the same profits.

Greater Overall Impact On Hawaii Focused REITs

It is envisioned that the repeal of the dividend paid deduction in Hawaii will have a greater overall impact on locally focused REITs that have a large percentage of their commercial holdings in Hawaii --such as A&B--as opposed to out of state entities that only have a few holdings in Hawaii and a number of properties in other states. If Hawaii becomes only the second state (along with New Hampshire) to double tax mandatory REIT dividends to shareholders, investors may prefer investing in non-Hawaii focused entities rather than investing in a REIT focused in one of only two states which double taxes dividends which must be paid to shareholders. Hawaii focused REITs such as A&B will be at a competitive disadvantage in attracting additional investors to support continued investment in Hawaii based properties.

Overall Impact On Hawaii's Economy

Today, every state except for New Hampshire that imposes a corporate net income tax allows the dividend paid deduction for REITs. Should the dividend paid deduction be repealed in Hawaii, REITs may be compelled to relocate their operations elsewhere or lessen their business activity in Hawaii. When combined with the direct reduction in general excise and income taxes from diminished REIT related construction, fewer jobs, and the reduction in business and individual income taxes because of the direct and indirect impacts of lower REIT related activity, the impact that this bill will have on State tax revenues is very unclear as this bill will likely have a significant negative impact to the state's overall economy.

REITs provide a much-needed source of outside capital for Hawaii. Very few individual investors and a fairly small number of corporate players in Hawaii have capital

market access equivalent to what is enabled by REITs. REITs are not limited to raising capital from one geographical area or from one type of investor, but generally seek investments from around the world. A REIT's ability to access and raise capital with equity offerings in the public markets to make these types of real estate investments in Hawaii and other states make it a unique investment vehicle and a major advantage over privately held real estate with a limited amount of investors.

In addition, if the DPD is repealed in Hawaii, REITs operating in Hawaii will likely pursue options to minimize their tax liability via tax deductions, tax credits, and other tax adjustments. Coupled with the likely reduction in general excise and income taxes mentioned before, the anticipated increase in State tax revenue as a result of the DPD repeal is very unclear, and may not meet initial projections.

Based on the aforementioned, we respectfully request that this bill be held in Committee. Thank you for the opportunity to testify.

Hawai'i Construction Alliance

P.O. Box 179441
Honolulu, HI 96817
(808) 220-8892

February 20, 2019

The Honorable Sylvia Luke, Chair
The Honorable Ty Cullen, Vice Chair
and members
House Committee on Finance
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Strong OPOSITION for HB 475, HD1 – RELATING TO TAXATION OF REAL ESTATE INVESTMENT TRUSTS

Dear Chair Luke, Vice Chair Cullen, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Laborers' International Union of North America, Local 368; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We are deeply concerned about what would happen if Hawaii becomes only the second state to break from the federal tax code and repeal the deduction real estate investment trusts receive on the dividends paid to their shareholders. These REIT shareholders include thousands of Hawaii residents who would see their pensions and future incomes diminished by this legislation.

Many of the members of this committee may not know that some of our member unions are seeing a drastic reduction in work hours. In some unions, the reduction is as much as 25 percent. The benches are filling up with unemployed workers. We are also seeing members falling off our membership lists. That means these men and women, fathers and mothers, who belong to our unions are no longer collecting unemployment. Their unemployment benefits have run out, and they no longer can afford to pay membership dues.

This measure proposes to increase the tax burden on REITs, which already pay many millions in property tax and millions more in GE tax. This additional taxation will make it difficult for REITs to continue investing in new projects and make improvements to their existing properties.

I would like to tell you something about REIT investment. REITs invest in Hawaii when the economy is soft or in recession. And because they invest continuously, even during recessions, projects like the expansion of Ala Moana Center and the redevelopment of the International Market Place, as well as numerous other projects, it was possible for thousands of workers to remain employed during a slow period for Hawaii's construction industry.

This bill basically targets the construction industry and all the jobs REITs provide to our members. It's also important for you to know that most of our members are a paycheck away from homelessness, so anything that would restrict the ability of REITs to finance projects or any barriers to more economic investment would deal a heavy blow to many working people and their families.

Last session when another bill was introduced to raise taxes on REITs by taking away the deductions on funds distributed to shareholders, I was told by that some investments in projects and expansions to existing REIT properties, were put on hold pending the Legislature's decision on that bill. And right now, there are projects that have been put on hold because investors are seeing signs of a contraction in the economy.

For all these reasons, we are deeply concerned about this bill and its impact on our industry, even as we see storm clouds forming over our economy. Scaring people away from funding projects in Hawaii is the last thing we need now as an industry and a state. I urge you to hold this bill for the sake of Hawaii's working families.

Therefore, we strongly ask for your committee's favorable action on HB475.

Mahalo,

A handwritten signature in black ink, appearing to read "Nathaniel Kinney". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Nathaniel Kinney
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org



February 19, 2019

Representative Sylvia J. Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
House Committee on Finance

Comments and Concerns in Strong Opposition to HB 475, HD1, Relating to Real Estate Investment Trusts (REITs); Disallows Dividends Paid Deduction for REITs.

Wednesday, February 20, 2019, 4:00 p.m., in Conference Room 308

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

HB 475, HD1. The purpose of this bill is to amend subsection (b) of Section 235-2.3, Hawaii Revised Statutes, to deem Internal Revenue Code Section 857(b)(2) (with respect to the dividends paid deduction for real estate investment trusts) inoperative, thereby disallowing the dividend paid deduction for REITs. Should HB 475, HD1 be adopted, REITs will be taxed on their net income in Hawaii, while REIT shareholders will continue to be taxed on dividend income received, resulting in a double tax.

LURF's Position. LURF acknowledges the intent of this and prior, similar iterations of this measure given what may be perceived to be the potential for tax avoidance and abuse by foreign/mainland corporations and wealthy individuals through real estate ownership arrangements structured through REITs, however, stated justifications for this bill have not, to date, been proved or supported by any credible facts or evidence.

The State's Final Report on the Impact of REITs in Hawaii Has Failed to Validate the Alleged Purpose of and Need for this Proposed Legislation.

Given that an unwarranted change of a universal tax rule in place since 1960 could undoubtedly affect investments made by REITs in Hawaii, significantly reduce the availability of capital in this State, as well as result in other economic repercussions, the Legislature determined in 2015 that it was necessary and prudent to require support for this type of measure prior to considering its passage. Thus, Act 239, Session Laws of

Hawaii 2015, was passed which required the State Department of Business, Economic Development & Tourism (DBEDT) and the State Department of Taxation (DOTAX) to study the impact of REITs in Hawaii, and to present material facts and evidence which could show that such proposed legislation is in fact needed, and whether the State's economy will not be negatively affected because of taking the action proposed.

An interim report was released in December 2015 (the "Interim Report"),¹ followed by a final report issued in September 2016 (the "Final Report"),² however, even the Final Report is based on assumptions and estimates; relies on inconclusive results of surveys admittedly taken with a small sample size and low response rate; and is fraught with uncertainties, inconsistencies and weighting errors, making it unfeasible and ill-advised to rely upon for presenting any conclusive calculations or impacts.

Inquiries which critically must be, yet have not been proficiently or accurately addressed in the Final Report, include the amount of income the State would in fact receive as a result of the proposed legislation,³ especially given the likelihood that REIT investment in Hawaii will in turn decline (i.e., whether the proposed measure is fiscally reasonable and sound); and whether it would be possible to replace the billions of dollars in investments currently being made by REITs should they elect to do business elsewhere if this proposed legislation is passed.

Given the inadequacy, inaccuracy and unreliability of the tenuous findings contained in the Interim and Final Reports, as well as the complete failure of said Reports to come to any meaningful and valid conclusions required to be made pursuant to Act 239, it should be brought to this Committee's attention that another study on the economic impacts of REITs in Hawaii dated December 2015, was prepared by economic expert Paul H. Brewbaker, PhD., CBE for the National Association of Real Estate Investment Trusts (the "Brewbaker Study").⁴ The Brewbaker Study concludes that the repeal of the dividend paid deduction (DPD) for REITs in Hawaii would likely result in a net revenue loss to the State due to a number and combination of negative consequences which would be experienced by the local economy.

In view of the inconsistency between findings contained in the Final Report and the Brewbaker Study, LURF believes it would be irresponsible for this Committee to consider, let alone support HB 475, HD1 which may potentially stifle, if not reverse the current growth of the State's economy, in reliance solely upon the untenable findings of the Final Report, and must respectfully urge this Committee to at the very least, conduct

¹ Department of Business, Economic Development & Tourism Research and Economic Analysis Division. *Real Estate Investment Trusts in Hawaii: Preliminary Data and Analysis - Interim Report*. December 2015.

² Department of Business, Economic Development & Tourism Research and Economic Analysis Division. *Real Estate Investment Trusts in Hawaii: Analysis and Survey Results*. September 2016.

³ LURF understands that even the State DOTAX does not know how much tax income the government might receive as a result of the proposed legislation.

⁴ Paul H. Brewbaker, Ph.D., CBE. *Economic Impacts of Real Estate Investment Trusts in Hawaii*. December 2015.

an independent investigation and analysis of all the available facts and information relating to the disallowance of the DPD, and the potential financial and economic consequences thereof, prior to making any decision on this bill.

In view of the inability of the Final Report to conclusively support the validity of this measure, LURF must oppose HB 475, HD1 based on the following reasons and considerations:

1. The “Double-Tax” Resulting from this Proposed Measure is Contrary to the Underlying Intent of REITs.

REITs are corporations or business trusts which were created by Congress in 1960 to allow small investors, including average, every day citizens, to invest in income-producing real estate. Pursuant to current federal and state income tax laws, REITs are allowed a DPD resulting in the dividend being taxed a single time, at the recipient level, and not to the paying entity. Most other corporations are subject to a double layer of taxation – on the income earned by the corporation and on the dividend income received by the recipient.

Proponents of this measure attempting to eliminate the DPD, however, appear to ignore that the deduction at issue comes at a price. REITs are granted the DPD for good reason - they are required under federal tax law to be widely held and to distribute at least 90% of their taxable income to shareholders,⁵ and must also comply with other requirements imposed to ensure their focus on real estate. In short, REITs earn the DPD as they must comply with asset, income, compliance and distribution requirements not imposed on other real estate companies.

According to the Brewbaker Study, repealing the DPD for REITs would subject Hawaii shareholders to double taxation and may reduce future construction and investment by REITs locally, thereby resulting in revenue loss to the State.⁶ Moreover, replacement investor groups may likely be tax-exempt institutions such as pension plans and foundations which would generate even less in taxes from their real estate investments.⁷

2. HB 475, HD1 is Contrary to the Tax Treatment of REITs Pursuant to Current Federal Income Tax Rules and Laws of Other States with an Income-Based Tax System.

HB 475, HD1 would enact serious policy change that would create disparity between current Hawaii, federal, and most other states’ laws with respect to the taxation of REIT income.

⁵ The State of Hawaii thus benefits from taxes it collects on dividend distributions made to Hawaii residents.

⁶ *Brewbaker Study* at pp. 1, 32, 38.

⁷ *Id.*

The laws of practically every state with an income-based tax system now allow REITs a deduction for dividends paid to shareholders. Hawaii, as well as other states which impose income taxes currently tax REIT income just once on the shareholder level (not on the entity level), based on the residence of the shareholder that receives the REIT dividends and not on the location of the REIT or its projects.

By now proposing to double tax the REITs that do business in Hawaii as well as their shareholders, HB 475, HD1 would upset the uniformity of state taxation principles as applied between states. Other states which have similarly explored the possibility of such a double tax over the past years have rejected the disallowance of the DPD for widely held REITs.

3. Hawaii REITs Significantly Contribute to and Benefit the Local Economy.

Elimination of the DPD would result in a double taxation of income for Hawaii REITs which would certainly mitigate, if not extinguish interest and incentive in investing in Hawaii-based REITs, which currently contribute significantly to Hawaii's economy.

Results from the Final Report indicate that even as of September 2016, approximately 42 REITs operating in Hawaii reportedly held assets in the amount of an estimated \$7.8 billion at cost basis⁸, which has resulted in substantial economic activity in local industries including construction, retail, resort, healthcare and personal services, as well as employment for many Hawaii residents, and considerable tax revenues for the state and city governments. Such tax revenues include State General Excise Tax (GET) on rents and retail sale of goods, business income tax on profits made by tenants, income tax from employment of Hawaii residents, and millions of dollars in property taxes.

Proponents of this bill should be mindful that significant economic growth experienced in this State over the past years, and which is expected to continue in the future, is undoubtedly attributable in part to REIT investment in Hawaii. Outrigger Enterprises partnered with REIT American Assets Trust to successfully develop the Waikiki Beach Walk. General Growth' Properties' expansion and renovation of the Ala Moana Shopping Center, as well as its partnering with Honolulu-based, local companies (The MacNaughton Group, The Kobayashi Group and BlackSand Capital) to develop the Park Lane residential condominium project is another example. The capital invested in that project to construct additional retail space and luxury residences will reportedly exceed \$1 billion, and the development will have created an estimated 11,600 full- and part-time jobs and over \$146 million of state revenue. Taubman Centers, Inc., another REIT, also partnered with CoastWood Capital Group, LLC to revitalize Waikiki through the redevelopment of the International Market Place at a cost of approximately \$400 million.

⁸ *Final Report* at pages 3, 15-16.

REIT projects have helped to support Hawaii's construction industry immensely⁹ by providing thousands of jobs, and continue to significantly contribute to the local economy through development of more affordable housing (more than 2,000 rental housing units for Hawaii's families, such as the Moanalua Hillside expansion of more affordable housing rentals), student housing near the University of Hawaii, health care facilities, offices, shopping centers (Ala Moana Center addition; Pearlridge Center renovations; Ka Makana Ali'i), and hotels.

Despite claims made by detractors, the multibillion-dollar investments and contributions to Hawaii's economy made by REITs may not be so easily generated through other means or resources. Attracting and obtaining in-state capital for large projects is very difficult. The State should also be concerned with the types of entities willing and able to invest in Hawaii and should be wary of private investors looking only to make quick gains when the market is booming. Because federal regulations preclude REITs from "flipping" properties, REITs are by law, long-term investors which help to stabilize commercial real estate prices, and which are also likely to become a part of the local community.

4. The Disallowance of the DPD Proposed by this Bill will Unfairly Affect REITs and the Small Investors Which Have Already Made Substantial Investments in Hawaii.

Disallowance of the DPD and resulting increased taxation of REITs is expected to reduce investment returns as well as dividend payments to shareholders, which will no doubt have a significant negative effect on future investment by REITs in Hawaii.

Proponents of this bill attempt to minimize the negative consequences of disallowing the DPD by claiming that very few Hawaii taxpayers invest in REITs with property in Hawaii, however, LURF understands that in 2014 over 9,000 Hawaii investors had investments in over 70 public, non-listed REITs and received almost \$30 million in distributions, and that tens of thousands more directly or indirectly own shares in stock exchange-listed REITs.

Supporters of this measure also ignore the fact that tax law changes proposed by HB 475, HD1 will unfairly impact those publicly traded REITs which have already made substantial investments in Hawaii and have contributed greatly to the State's economy in reliance on the DPD, which, as discussed above, is considered a fundamental principle of taxation applicable to REITs.

If passed, this measure would strongly discourage future investment by REITs in Hawaii, which would ultimately impact jobs, reduce tax revenue and result in significant consequences for the State's future economy.

Conclusion. LURF's position is that the findings of the Final Report which have not been updated or amended since issuance, have failed to credibly present any material

⁹ In the past five years, REIT-related construction activity alone is estimated to have generated \$3 billion in Hawaii GDP.

facts or circumstances to prove that this proposed legislation is in fact necessary, or that the State's economy will significantly improve as a result of taking the action proposed. The intent and application of HB 475, HD1 thus arguably remain unreasonable, unwarranted, and exceedingly anti-business.

Act 239, SLH 2015 was specifically enacted by the State Legislature to validate the alleged purpose of disallowing the DPD. The results of the Final Report are thus considered vital to confirm the need for this type of measure. Therefore, based on the inability of said Report to convincingly and conclusively determine that the State's economy will be negatively impacted as a result of the action proposed, or that this proposed legislation is otherwise warranted, and given that an unjustifiable change of a universal tax rule in place since 1960 could significantly reduce the availability of capital in this State, as well as result in other negative economic repercussions, LURF must **strongly oppose HB 475, HD1**, and respectfully requests that this bill be **held in this Committee**.

The Thirtieth Legislature
Regular Session of 2019

THE HOUSE

Committee on Finance

Representative Sylvia Luke, Chair

Representative Ty J.K. Cullen, Vice Chair

State Capitol, Conference Room 308

Wednesday, February 20, 2019; 4:00 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 475, H.D.1
RELATING TO TAXATION OF REAL ESTATE INVESTMENT TRUSTS**

The ILWU Local 142 **supports** H.B. 475, H.D.1, which disallows dividends paid deduction for real estate investment trusts.

The State is losing out on millions of dollars in taxes because the tax deduction for dividends paid by Real Estate Investment Trusts. REITs are able to avoid paying state taxes as long as they distribute 90% of their taxable income to shareholders, who then pay taxes only in their home states. Most of the REITs with real estate holdings in Hawaii have shareholders/investors who do not live in Hawaii. Since REITs themselves currently enjoy a deduction for dividends paid, and most shareholders are not Hawaii taxpayers, the State receives virtually NO taxes from real estate activity of REITs in Hawaii.

The State can certainly use another revenue source. Requiring REITs to pay income taxes would be one means of generating revenues to support the services and programs needed to address a myriad of issues facing our residents—including public education, early childhood education, homelessness and affordable rental housing, access to quality health care, and support for the elderly and disabled as well as their caregivers.

Those who oppose repealing the deduction argue that REIT investment will dry up. We think this is most unlikely. Real estate in Hawaii is highly profitable. Investors would be foolish to pull out of Hawaii simply because of taxes they must pay. Paying taxes should be considered a cost of doing business. Everyone should pay their fair share of taxes to benefit the entire community. In fact, if this bill is not passed, more corporations with real estate holdings may seek to convert into Real Estate Investment Trusts in order to avoid paying taxes. If that happens, the State could potentially lose even more tax revenue.

The ILWU urges passage of H.B. 475, H.D.1. Thank you for the opportunity to offer testimony on this measure.



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

COMMITTEE ON FINANCE

WEDNESDAY, FEBRUARY 20, 4 PM, Room 308
HB475HD1, RELATING TO TAXATION OF REAL ESTATE INVESTMENT TRUSTS
TESTIMONY

Beppie Shapiro, Legislative Committee, League of Women Voters of Hawaii

Chair LUKE, Vice-Chair CULLEN, and Committee Members:

The League of Women Voters of Hawaii **supports HB475 HD1** that provides for taxation of profits of REITs investing in Hawaii real estate without deducting dividends paid to shareholders.

The League of Women Voters supports an equitable tax system that provides adequate and flexible funding of government programs, that is progressive overall and that relies primarily on a broad-based income tax.

In regards to HB475 HD1:

Our State government has many urgent needs for funding (for example the unfunded liabilities for public employees retirement benefits; affordable housing on all islands; protection of state lands and parks; replacing fossil fuels with renewable energy quickly; moving infrastructure away from rising seas; etc.)

The existing tax base does not provide adequate funds for all or even most of these urgent needs.

Taxing REIT profits from Hawaii real estate investments without deducting dividends would provide additional funds.

Investors in REITs are obviously not our poorest residents, so such taxes would make the state tax system more progressive.

We have no comment on HD1 carving out 10% of funds generated for business, economic and tourism development.

Please support HB475 HD1. We hope to see this useful bill implemented within two to three years so the state general fund can use the additional income for present needs.

Thank you for the opportunity to submit testimony.



HB 475, HD1, RELATING TO TAXATION OF REAL ESTATE INVESTMENT TRUSTS

FEBRUARY 20, 2019 · HOUSE FINANCE
COMMITTEE · CHAIR REP. SYLVIA LUKE

POSITION: Support.

RATIONALE: IMUAlliance supports HB 475, HD 1, relating to taxation of real estate investment trusts, which disallows the dividends paid deduction for real estate investment trusts. A REIT, notably, is a corporation that owns income-producing real estate, like hotels and shopping malls, in which individuals may purchase shares to earn a portion of the income generated.

Under state taxation law, REIT's are currently afforded an exemption from paying corporate income taxes on dividends paid to shareholders. REIT shareholders, however, pay federal and state income taxes on their earnings from the REIT in which they have invested. Unfortunately, since most shareholders of Hawai'i REITs don't live in the Aloha State, they pay income taxes in other locations. Thus, income generated by Hawai'i property is getting taxed elsewhere, sending sorely needed tax dollars for local schools, infrastructure, climate change mitigation, human and social services, and affordable housing outside of our shores.

Eliminating REIT dividend deductions will uplift Hawai'i's people. Over 30 REITs operate in Hawai'i, the most prominent of which is Alexander and Baldwin. Collectively, Hawai'i REITs own roughly \$17 billion worth of real estate and produce almost \$1 billion in dividend income exempt from the corporate income tax, amounting to over \$50 million in lost tax revenue—a number that will only increase over time, as real estate values continue to soar.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting HB 475 HD1 – Relating to Taxation of Real Estate Investment Trusts
House Committee on Finance
Scheduled for hearing on Wednesday, February 20, 2019, 4:00PM, in conference room 308

Dear Chair Luke, Vice Chair Cullen, and members of the Committee on Finance:

Thank you for the opportunity to testify in **STRONG SUPPORT** of **HB 475 HD1**, which would eliminate the corporate tax exemption for REITs. Right now, income produced on Hawai'i REIT property is escaping Hawai'i income tax. Typically, individuals and corporations in Hawai'i that generate income off Hawai'i real estate are paying state income tax. REITs should be no exception. Eliminating the exemption would generate an estimated \$60 million in tax revenue to fund the infrastructure, projects and programs our that community, and even REITs themselves, depend on.

A Real Estate Investment Trust or "REIT," is a corporation that owns income-producing real estate, like hotels and shopping malls. Like a mutual fund for real estate, people can purchase shares in a REIT to get a portion of the income it generates. REIT's have been granted a special tax status that exempts them from paying corporate income tax on the dividends paid to its shareholders.

REITs suggest that the exemption is appropriate because REIT shareholders pay income tax. However, while REITs own approximately \$17 billion worth of real estate in Hawai'i—more than any other state on a per capita basis—we have relatively few residents who are REIT shareholders, ranking 40th in the nation for the number of REIT shareholders as a percentage of the population. That means that a lot of REIT money is going out of our state, and only a little is remaining in. An estimated \$1 billion in profits is created in Hawai'i on Hawai'i REIT property, and a significant portion of it is escaping Hawai'i income tax.

REITs can still operate and thrive in Hawai'i, even if required to pay their share of taxes needed to build a strong Hawai'i for everyone. If the Hawai'i state corporate income tax exemption were eliminated, REITs would still receive generous federal tax exemptions, and they would continue to benefit from Hawai'i's extraordinarily low property tax rate. HB 475 would ensure that REITs start paying their fair share of Hawai'i income taxes to help support the communities in which they operate.

Mahalo for your consideration of this testimony.

Chair Luke
Vice Chair Cullen
House Committee on Finance

Wednesday, February 20, 2019
4:00 PM

TESTIMONY IN SUPPORT OF HB475 HD1 RELATING TO TAXATION OF REAL ESTATE INVESTMENT TRUSTS

Aloha Chair Luke, Vice Chair Cullen, Members of the House Committee on Finance,

My name is Jun Shin, I am 19 years old, a member of Generation Z. I am a freshman at the University of Hawai'i at Mānoa in my third semester, and a member of the Faith Action for Community Equity (FACE). I am testifying in **support of HB475 HD1 relating to taxation of real estate investment trusts.**

This has become an issue that is very close to my heart. I live in the Ala Moana area currently, so I'm personally neighbors with the Ala Moana Center, one of the well known REIT-owned properties in Hawai'i that is constantly busy. However, I am also neighbors with houseless individuals, and have also seen their struggles up close while coming home from school. I want to be able to do something to help our fellow human beings who have just as much worth as everyone else and who are struggling. To me, this is a tale of two cities, two very stark contrasts in my community that needs fixing and it cannot be ignored. Closing the REITs tax loophole and making them pay their fair share of taxes is a much needed reform and a great step in the right direction to begin to address this divide.

REITs are a well-off part of our communities. They should be helping to support the communities that they are currently operating in, and be a good neighbor. With REITs having federal tax exemptions and benefiting from our low property tax, they are in a great position to pay their fair share in taxes while still being well off. It is a common understanding among residents that it is very hard to live here. With low wages, our workers are taking on several jobs and living paycheck to paycheck, close to seeking the streets for refuge while our young people are moving out. By doing their part, REITs can operate and thrive in Hawai'i while still being a responsible community member. By paying their share of the taxes, they are helping to build a strong Hawai'i for everyone, revenue that would be able to go to critical needs that have been addressed by previous testifiers, which includes affordable housing programs and our education system. Please continue to help in making a Hawai'i that is livable for my generation and generations to come so that we can all have an opportunity to succeed, afford our basic needs, and have families of our own. For future generations, I ask you to **please support and pass HB475 HD1 out of your committee and eliminate the corporate income tax exemption on dividends paid out by REITs.**

Thank you for the opportunity to testify,

Jun Shin

1561 Kanunu St.

Cell: 808-255-6663

Email: junshinbusiness729@gmail.com



Evelyn Hao
President

TO: Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Rev. Won-Seok Yuh
Vice President-
Clergy

FROM: Evelyn Aczon Hao, President of Faith Action for Community Equity

Wednesday, February 20, 2019

William Bekemeier
Vice President-
Laity

Support for HB475 HD1 RELATING TO TAXATION OF REAL ESTATE INVESTMENT TRUSTS

Jon Davidann
Treasurer

Chair Luke, Vice-Chair Cullen and committee members:

Deanna Espinas
Secretary

I am Evelyn Aczon Hao, President of Faith Action for Community Equity.

Christy MacPherson
Executive
Director

Faith Action for Community Equity (*formerly* FACE) is a 23-year-old grassroots, interfaith organization that includes 18 congregations and temples, a union, health center, housing association and 3 advocacy organizations on Oahu. Faith Action is driven by a deep spiritual commitment to improve the quality of life for our members and all people of Hawaii. We strive to address issues of social justice at all levels of government.

Soo San Schake
Organizing
Assistant

Our legislative focus aims to get more resources for truly affordable housing in Hawaii. Sadly, affordable housing/thus a stable home is still an impossible dream for so many of our residents. The high cost of housing is burdening the middle class and crushing the poor.

I don't know of any holy writing, no moral or ethical teachings that promote or defend what we have somehow allowed to happen—that is, to effectively shut people out of affordable housing.

Why is Faith Action so dedicated to finding ways to increase housing stock for all?

Home is the center of life. Making housing affordable so that people can begin to build a home for themselves and their children is a moral responsibility for those who have the power to help make it so.

It is a moral responsibility because affordability leads to stability. Stability leads to community. Community leads to a place that can be truly called "home" where people can hope, contribute, and thrive.

My experience as a school principal at Kuhio Elementary in Moiliili made so clear to me how important stable housing is. *Eighty percent* of our students qualified for free or reduced cost lunch which means family income was below the poverty line. Also, 51

percent were English language learners. In fact, 21 languages were represented among our families. The DOE requires that schools meet statewide adequate yearly progress in statewide reading and math tests. Because of our innovative curriculum and hard-working teachers and students, our students met and even exceeded adequate yearly progress for seven straight years. Then one year, our scores dropped precipitously. We were shocked and could not figure out what went wrong. Later, we found out that during the second semester of that school year, our families had been slowly evicted from their substandard apartments which they shared with relatives. When students and their families were evicted from their apartments, they lost their stability. Their solid ground, as humble as it was, was gone. Besides suffering academically, how else did my students suffer?

Faith Action's HousingNow! task force has been a consistent and diligent force in striving to make affordable housing a reality for all Hawaii's residents. Making this happen is complicated; it requires creativity, persistence, and money.

HB475 HD1 can help to make this happen. The number of Hawaii commercial real estate owned by Real Estate Investment Trusts (REITs) is increasing, and because REITs do not currently pay Hawaii income tax, everyone else loses. Over 99% of their investors live and pay tax out of State and so REITs and almost all their investors are not contributing income tax to the support of Hawaii's economy on which their Hawaii investments depend on.

It makes no sense for the State to forego \$60 million a year in corporate income taxes that every other business operating in Hawaii must pay. We need the money to build affordable rental housing, and HB475 HD1 should be amended to send tax collections from real estate investment trusts (REITs) to the rental housing revolving fund. There is a nexus between "real estate investment" and Hawaii's affordable housing need.

*Attached please find pages of petition signatures that we collected from your constituents from all over the island who are asking that REITs pay their fair share of taxes.

Thank you for this opportunity to testify.

Evelyn Aczon Hao
President
Faith Action for Community Equity

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

Signature → Address

Robbie Robinson

Amy Wake

Robert H. Stutz

Janet Y. Fata

Joe Holt

Robling

Doreen Akamine

Luigi Rivas

Janice S. Kaurigan

ALBERTO RIVAS

MARtha RIVAS

Margaret Nohara

Stacy Skamwin

320 Hoop Street Hon 96821

98-434 Hoomailani St, Pearl City 96788

1776 Hoolahua St, P.C. 96782

1796 Hoolahua St, P.C. 96782

92-1112 Palahia St # C102
Pearl City, HI 96707

2222 Amokemoke St.
Pearl City, HI 96782

46-373 Kumoa Ln Kaneohe 96744

2158 Anuhuu St
Pearl City HI 96782

94970 Lumiauau St A102

Waiipahu, HI 96797
94-970 Lumiauau St 96797

2464 Auhua St P.C. 96782

2222 Amokemoke St; PC 96782

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

Signature

→ Address

Richard Jackson

92-1299 KIAMU ST KAPOLEI HI 96707

Jean Jackson

92-1299 KIAMU ST KAPOLEI 96707

Siroosi Shinn

92-1112 PAUHAHA ST #C102

Solomon Uhem


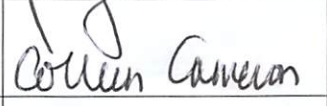


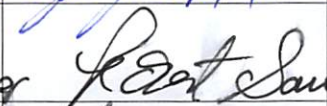


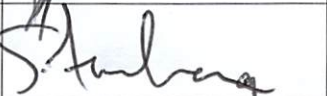

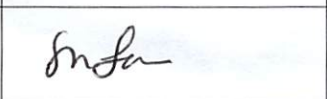
92-1001 108 KAPOLEI, HI 96707

22-81 Anapapa St Pearl City 96788

91-6221 Kapolei pkwy DR. 3rd Flr
96706

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in Real Estate Investment Trusts ("REITs") not paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands while paying no income taxes.

Name	Signature	Address
Terry Hiller		1649 B Kewalo St, Honolulu, HI 96822
Colleen Cameron		3215 Ala Ilima St #808 Honolulu HI 96818
Monica Lujan		91-960 Iwikuamoo St. Unit 502 EWA Beach HI. 96706
Kyong O		PO Box 11386 Honolulu HI 96828
Robert Sawyer		1015 Green St #B-4
Raymond Viggayan		1888 Bishop St. # 2511
Ray Windrath		1551 Pukele Avenue/Honolulu HI 96816
SING FURBERG		2439 NALANIETA ST. # A2 Honolulu, HI 96819
DEAN MURAMOTO		2755 KAPIOLANI BLVD #17
Marie Laberge		1550 RYAN ST 96814

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

Jan Yuen
Ken B. ...

Chase Sadii ...

Juan ... III

Richard Ryan

Cliff ...

Patricia Lee

MU

Chushiko Sakata

Julie ...

S. ...

Jean ...

...

...

Beatrice T. Kong

Colleen ...

1255 Nuuanu Ave. 3012 96817 apt.

1255 Nuuanu Ave 96817 apt 702

1255 Nuuanu Ave 96817

1255 Nuuanu Ave, 96817

47-101 Kamehameha 96744

555 Hanalei St., 9H 96825

4754 Farmers Rd. 96816

133 Bates St Hon. 96817

133 Bates St. Hon, 96817

3 Woodland Ln BH ~~96817~~ 04609

133 Bates St. 96817

1255 Nuuanu Ave #402E

2626 Lilikoi St. Ho, HI 96817

2626 Lilikoi St NE 96817

1005 Manana Pl. Hon. HI 96817

414 Kekau Pl Hon 96817

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

[Signature]
Barbara J. Service
3516 Galvan Lane, Wahiawa HI
96786

472 Keolu St #4
Honolulu 96816
Hannah Devin Hannah Devin
1234 Alexander St. Apt F1 Honolulu HI 96826

Jami Hitt
96821
Judith Murašige JUDITH MURASHIGE

887 Hind Iuka 96821
4883 Poala St, Hon. HI 96821

Ruth Yoshioka Ruth Yoshioka
Kathleen Otani Kathleen Otani

340 Awini Pl., Hon. HI 96825
55 S Judd St #2107, Hon. HI 96817

Mary Calantoc
Arlene Koegler Arlene Koegler

2333 Kapiolani #1612 Hon. HI 96826
1646 Cook St. #202 Hon. 96822

Carolyn Kuahala
Ken Reinke

928 Hokuwaihi St, Hon 96825
Wm Kikawa #43 96826
1170-1 Kaunailona Place 96817

ARRR PHILIPS
Ken Wallace

45-536 Mahinui Rd, Kaneohe, HI 96744

Mark D. Looper Mark D. Looper

Samie Lee 1344 Mamalu Street Hon HI 96817
Nicholas Seu " " "
Lindsey Seu " " "
McKenna Seu " " "

Betty Wakatsuki 98-312 Pono Kuniwa Place 96701
" " "

Edna Jackson 1272 Alewa Drive " "
Edna K. Robinson

Eric Myers 336 N. Kuakini St. " "

Paul Reid 155 N Beretania " "

Ther Ann 3363 Kaimuki Ave " "

Mun Maslin PO Box 4525 Kaneohe HI 96744

Helen Mashiro 15 Craigside Plaw, Apt 501 Hon 96817
Sylvia Hekeka 709 Kihapai St Kailua 96734

Lucy Metzger 1561 Kanunu St. #1608 Hon. 96814
Emilia Collins 707 Hausten ST. Hon 96826

James P. 1471 Ihiloa Dr. Hon. 96821

Trilby Aki 1453 Kuikele St Hon 96819

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

<u>NAME</u>	<u>ADDRESS</u>
<u>Calvin Foo Pham</u>	<u>721 W Belmont Ave Chicago, IL</u>
<u>Galen Fox</u>	<u>425 South St #1808 96813</u>
<u>Kathleen Triolo</u>	<u>1326 Center St, 96816</u>
<u>Bruce Anderson</u>	<u>941 B Prospect St. 96822</u>
<u>KELLY GARRETT</u>	<u>1659 HOCHAM ST PC. 96782</u>
<u>Scott Shafer</u>	<u>2067 Kila Kila Dr. apt A Honolulu 96817</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

J

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

ELDON WEGNER

Clinty Maffra

Mario Avalle [Signature]

Whitney Kim [Signature]

WILLIAM BEKEMEIER

[Signature]

Mysral Medina

[Signature]

[Signature]

Rueck Chang

Piula Alailima

[Signature]

Onel Sig. Halapua

Leana Bonseura

Man Vignobro

Miriam Heidel

[Signature]

[Signature]

David Lee

Maatolyn Kuakula

John A. Heidel

Robert Stark

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

Claire Geare

1212 Punahou St. #2601

Alana Busekma Alana Busekma

220 Ohana St. Kaula 96734

Ronny Lynn Ronny Lynn

2611 Ala Wai Blvd. #2106

Juli Tokusato

1612 Anapuni 9 apt B Hon. 96822

MARY TALON-Mary Talon

80 Box 861592 WAIANA, HI 96786

Kimberly L. Craven

4921 Waa St Hon. HI 96821

William Caron

2054 9th Avenue, Hon, HI 96816

Jun Shin

1561 Kanunu St. 2106

Allison Sparks

3796 Siere Drive. 96804

Joel Raburn

44-291E Kaneohe Bay Dr. Kaneohe HI 96741

J. J. R.

2333 KAPOLANI BLVD #2308, 96826

Gary S. Hoover

2425 Kinau St, Room 5, Ho, HI 96824

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

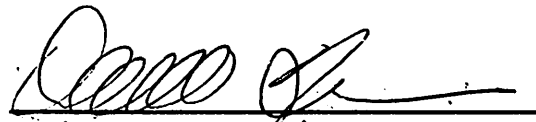
Ellen Godbey Carson
Wally Inglis

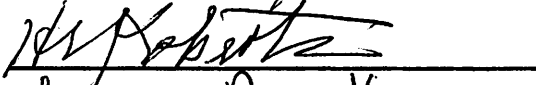
ELLEN GODBEY CARSON 1080 S. Beretania St,
APT GPH 2,
Hon 96814
WALLY INGLIS 2349 c Palolo Av.
Hon. HI 96816

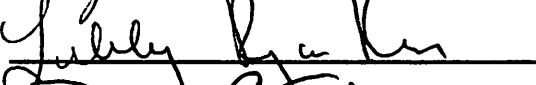
Blank lines for additional signatures.

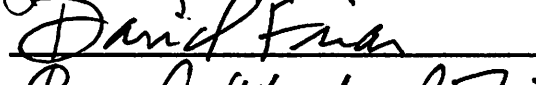
REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.











REIT Income Tax Petition





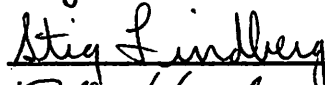
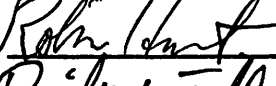
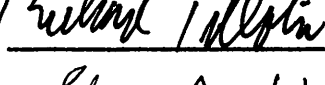
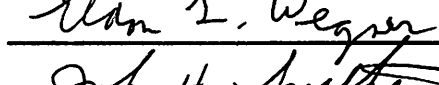
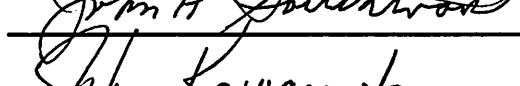
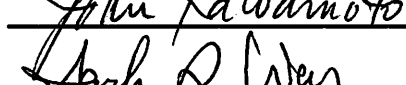
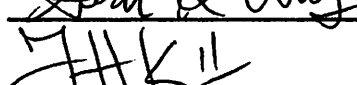
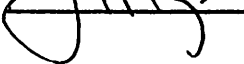
The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.


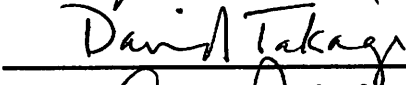
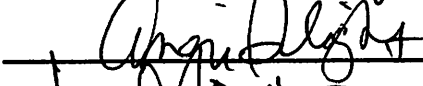
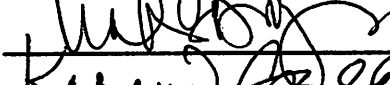
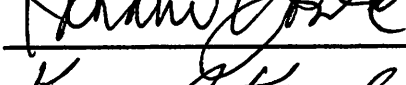
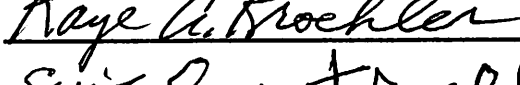

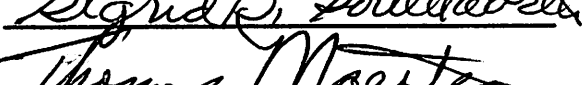
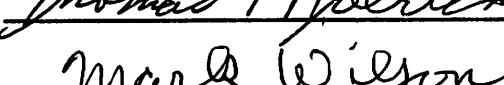
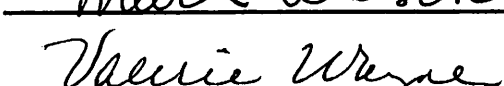
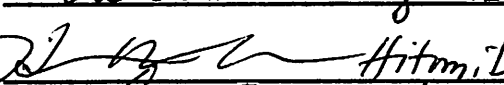


Clara B. Burrows
Chuck Burrows
Law C. Hill
KAREN HOWELL
Kirsten B. Turner
Ayn Kimura
Ehio Kimura
MARKUS FAIGLE
James W. Kean
Carol Oka
Sharon Reed
Donal White
Mary Beth Reed

Mildred M. Miyashiro
John D. P.
Michael F. Yano
Ernest K. Harada
Donald L. Conner
Rat H. De
Coral Prince Wilson
Ann M. Adams
Linda Q. Green Linda Q. Green
Walter Tokopa Bama
Rosaline K. Teixeira
Jean Coffman
Cheryl O. Ho

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

 Dominic Chao
 Patricia Demello
 ELIZABETH NELSON
 CHARLES MARK RETAY
Margaret Ann Revick
 Stig Lindberg
 Robin Hart
 Richard Tullgren
 Alan L. Wegner
 John H. Southwood
 John Kawamoto
 Sarah Q. Way
 JHK

 J. Howell
 David Takagi
 Angie Light
 W. Brown
 Kwan
 Kaye C. Kroehler
 Gillian Kroehler
 Sigrid B. Southwood
 Thomas Maerten
 Mark Wilson
 Valerie Wayne
 Hitmi Demura Debra
 Lee E. Takagi

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

<u>Name</u>	<u>Address</u>
<u>Lorraine Fay</u>	1037B Iliina Dr. Honolulu, HI 96817
<u>Nancy Kleber May Khuh</u>	1726 Bertram St Honolulu HI 96816
<u>Jane Raissie</u>	310 Ilimano St. Kailua HI 96734
<u>William Young</u>	1942 IWAHO PL HNL HI 96819
<u>[Signature]</u>	628 Ilikei St. 96734
<u>[Signature]</u>	2197 IOWA AVE 96816
<u>Carla S Allison Carlson</u>	1062 Ohiapan Place Honolulu 96825
<u>Hilke R. Fastwood</u>	626 Coral St. #2309
<u>Lee Curran</u>	7122 Hawaii Ki Kono, HI 96813
<u>Mike Young</u>	3583-E Kaliki St. 96819
<u>Catherine Graham</u>	1639 O'o Lane 96817
<u>Jel Rabenau</u>	44-291E Kaneohe Bay Dr, Kaneohe HI 96744
<u>Miriam Jacobs</u>	3796 Sierra Drive 96816
<u>William Karve</u>	54 White Sands Pl. 96734

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

Name	Address
<u>Laurel May Zerl</u>	46-262 Kalaua Pl Kaneohe
<u>Junko S. Davis</u>	1350 Alamaana Blvd, PH5 Honolulu 96814
<u>Charlotte B. Morgan</u>	94-291 Makapipipi Milulani 96789
<u>Paul Davis</u>	1617 Keoanaka St, #1101, 96822
<u>John M. Conyter</u>	
<u>J. Hendric + Nick Jones</u>	849 Hekeione St.
<u>David Friedman</u>	633 Ulumalu St. Hailua 96734
<u>Jon Schepers</u>	833 Ulumalu Hailua
<u>Leanne MacIntire</u>	47-644 MeleKula Rd #A Kaneohe HI 96744
<u>Alan Rowland</u>	1905 PUU KANEA PL, HONOLULU, HI, 96822
<u>Molly Rowland</u>	1905 Puu Kanee Pl. Honolulu, HI 96822
<u> </u>	
<u> </u>	
<u> </u>	

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

<u>Name</u>	<u>Address</u>
<u>David Friedman</u>	633 Ulumalu St Kailua 96734
<u>Jean Schumacher</u>	" " " "
<u>Mary Mackay</u>	1617 Keeauwoku St Apt 1001, Honolulu 96822
<u>Sue Yamene Carpenter</u>	86012 Pokai Bay St Waiānae, HI 96792
<u>Marie Anne</u>	45-638 Halekou Pl. Kaneohe HI
<u>Gianna Mayedo</u>	600 Ala Moana Blvd #4208 Honolulu HI 96813
<u>Laurel Mayzer</u>	46-262 Kalanua Pl Kaneohe
<u>Martina Queen</u>	1435 9th AVE Honolulu
<u>John McCombs</u>	P.O. Box 1066, Kaneohe
<u>Eileen Cain</u>	720 Mahi'ai St., Apt. E, Honolulu 96826
<u>Marilyn Bornhorst</u>	1434 Punahou # 723, 96822
<u>Dennis Fraue</u>	4250 B Keanu St. # 8 96816
<u>CAROL AMOS</u>	1634 MAKIKI ST #904 HONOLULU
<u>ALBERT FIZIOLD</u>	545 QUEEN AVE #196822
<u>CKEIT</u>	Honolulu, HI 96813

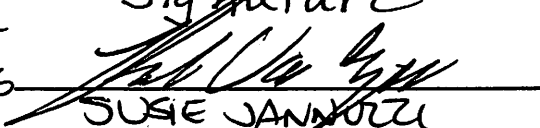

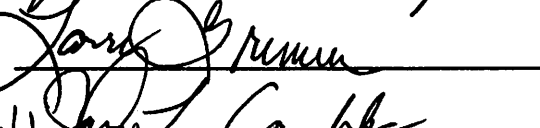
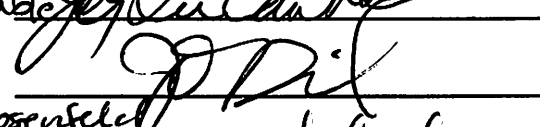

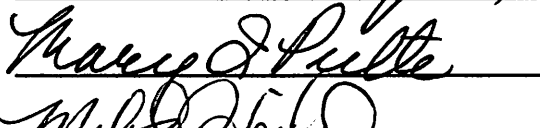
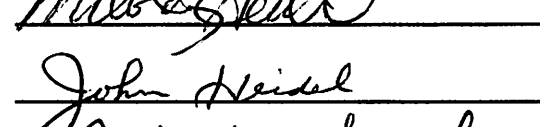
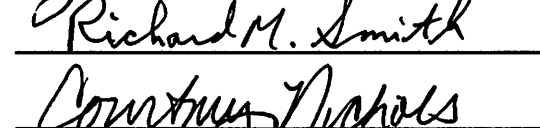
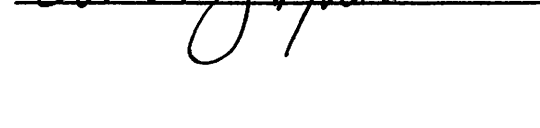

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

- Mildred Mchany 4359 Mahia St Hon 96821
Aileen Fujitani 6020 Etelape Pl Hon 96821
Wilma Tom 634 Ainapo St, Hon. 96825
Winifred Kumura 3828 Claudie St, Hon. 96816
Rae Thompson 5212 Makalona St Hon 96821
Meredith Yamamoto 695 Kalaripau St, Hon. HI 96825
John Thompson 5212 Makalona St, Hon. 96821
Kara Mark 5661 Haleolu St Hon 96821
Arlin Mark " " "
Ann Kakuni 11 Akilolo St Hon, HI 96821
Carole Wakamura 385 Haleloa Place Honolulu HI 96821
Jean McFintosh 250 Kawaihae St, Home 96825
Arlin Mark 45-435 Kolu St, Honolulu HI 96821
Arlin Mark 380 Pan-o St Honolulu HI 96821
Kristen Mark Vega 5669 Haleolu Street, Honolulu, HI 96821
Cory Vega " " "
Jaeman Lim 280 Panzo St. Honolulu, HI 96821
Matthew Hayakawa 5252 Kilanea Ave. Honolulu, HI 96816
Vickie Hayakawa 5252 Kilanea Avenue Hon 96816
Ann Nakamura 95-312 Alo Place Mililani HI 96789
Marta Kobayashi 7212 Kauraha, Honolulu 96825
Leona Kato 916 Lunalilo Am Rd Hon 96825
Jan J Miyachi 6770 HAWAII KAI DR. #102
Stan Miyasato 7273 Nohi St., Hon. 96825
Elielio R T Cadavona 1720 Huna St #317 Hon. HI 96817-2466
Paul Ho 4389 Mahia St #220 Hon 96821
Karen Brown 1085 Kaluanui Rd. Honolulu, HI, 96825

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

<u>Print name</u>	<u>Signature</u>	<u>Address</u>
Robin Van Eps	 SUSIE JANNOZZI	117 Kihapai Pl. Apt. 7 Kailua, 96734
ANI VAN EPS		85 W. Iikoki Pl. Kailua 96734
LARRY GRIMM		10989 KAM. V HAWY, KAUNAKAKAI, ^{molo kai} 96748
Joyle Cauble		357 N. Vungard #6201, Hawaii 96817
Charlene Rosenfeld		1505 Ulupai St Kailua HI 96734
R.W. SCHEUREN		533 Wilson St. Kailua 96734
MARY PIERRE		604 N. Kalakoo Ave " "
MEDDY HEIDEL		604 N KALAKOO AVE " "
John Heidel		45 090 Nanioku #503 ^{Kameha} 96744
Courtney Nichols		1341 Manu Mele St Kailua 96734
	Richard M. Smith	1341 Manu Mele St., Kailua 96734
		1222 MANU MELE ST. " "
		1015 Aoloa Pl. #361 Kailua HI 96734

REIT Income Tax Petition

The undersigned have been informed about the facts and law resulting in neither Real Estate Investment Trusts ("REITs") nor their shareholders paying any income tax on the enormous amount of income they earn on their Hawaii real estate and want the Hawaii Legislature to revise our laws in the 2019 Session so that a withholding tax is imposed or the REIT dividends paid deduction is eliminated and REIT income is properly taxed in Hawaii where it is earned. It is not fair for these organizations to be utilizing so many Hawaii services and occupying prime Hawaii lands and paying no income taxes.

Stanford K.O. J

Dianne T. Stevens - Poai

Carl M. Mylani

Bob L. Am

Hora Obogasaki

Non-Serk Yuh

F Lee Smith

Francis M. DeBevoise

Walter W. Killough Jr.

Iris Jayekala

Ethel Serukaku

Ruth H. Cristo

James Joe

Patricia Joe

Nancy - ~~W.A.~~ W.A.

Malany Malaka

45-320 Kahiko St. Kaneohe

47-533 Pulea Rd #7684

47-748 Huikehu St. #598744

P.O. Box 113 96744

47-253 Waihee Rd., 96744

53-549 Kaneohe Hwy 96717

47-510 Lulani St., Kaneohe, HI 96744

47-510 Lulani St., Kaneohe, HI 96744

P.O. Box 6196 Kaneohe, HI 96744

47-538 Ahilama Rd Kaneohe HI 96744

47-708 Ahilama Rd. Kaneohe - 96744

45-621 Apiaapu St. Kaneohe

46-109 Konohe #3913 Kaneohe, HI 96744

244 Kalohelele Dr Kaneohe HI 96744

47-748 Hui Kolu St. #5, Kaneohe 96744



Board of Directors:

Gary L. Hooser
President

Andrea N. Brower
Ikaika M. Hussey
Co-Vice Presidents

Kim Coco Iwamoto
Treasurer

Bart E. Dame
Secretary

Paul Achitoff

Nancy Aleck

Laura Harrelson

Kaleikoa Ka'eo

Michael Miranda

Walter Ritte Jr.

Pua Rossi-Fukino

Karen Shishido

Leslie Malulani Shizue Miki

House Committee on Finance

Hawaii Alliance for Progressive Action (HAPA) strongly supports: HB 475 HD1

Wednesday, February 20, 2019, 4:00 p.m., Conference Room 308

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

My name is Anne Frederick and I am the Executive Director for the Hawaii Alliance for Progressive Action (HAPA). HAPA is a statewide environmental, social and economic justice organization. HAPA engages over 10,000 local residents annually through its work.

Thank you for this opportunity to provide testimony in support of HB 475 HD1.

REITs operating in Hawai'i need to pay their fair share of state taxes. REIT shareholders pay individual income tax on REIT dividends, but most shareholders of REITs operating in Hawaii are not Hawaii residents and do not pay Hawai'i state income taxes. As a result, Hawaii loses an estimated \$60 million in potential tax revenue every year due to the REITs tax loophole. Every other individual and corporation doing business in Hawaii is subject to state income tax.

REITs need to pay their fair share, to help support the communities in which they operate.

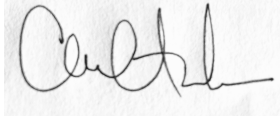
Examples of REIT-owned properties across Hawaii include: International Marketplace, Pearlridge Shopping Center, Hilton Hawaiian Village, Ala Moana Center, most of Mapunapuna, and many more.

REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member

and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Mahalo,

A handwritten signature in black ink, appearing to read "Anne Frederick", is placed over a light gray rectangular background.

Anne Frederick
Executive Director

HB-475-HD-1

Submitted on: 2/19/2019 9:00:53 AM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeff Gilbreath	Hawaiian Community Assets	Support	No

Comments:

Our organization supports HB475, HD1 with amendments to include language that dedicates a portion of retained taxes from REITs toward the Rental Housing Revolving Fund, Dwelling Unit Revolving Fund, and the new, Homeownership Housing Revolving Fund. The bill was amended in its first hearing to dedicate 10% of retained taxes to economic development. We recommend 50% of retained taxes go to affordable housing, more specifically the aforementioned revolving funds. As we continue to face a housing affordability crisis, in particular for local households earning \$75,000 annually or less, we must utilize these retained taxes for the building and preservation of affordable housing units.

Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair
Committee on Finance

Hearing Date: Wednesday, February 20, 2019

Support for H.B. 475, Relating to Taxation of Real Estate Investment Trusts

Dear Committee Members:

I write on behalf of all our hard-working employees who are not real estate investors, but just middle-income residents of Hawaii who have always paid out a large share of our earnings for various taxes. Believe me, there are no loopholes to reduce our tax bills and every year we pay our fair share of them.

The State needs more money for public education, services for our growing elderly population, aid for the homeless, and endless other projects. Why is it that middle class taxpayers always seem to be asked to bear the financial burden? The costs of raising and educating our children, maintaining a home and caring for our parents are already overwhelming. We have no way to save for retirement and are worried we may never pay off the large mortgages we carry into our 60's and 70's. These challenging times call for creative measures.

H.B. 475 merits continued action. It could be a new source of millions of dollars of income annually to the state, in perpetuity. And it would make revenues generated in Hawaii stay in Hawaii instead of going to other states.

On behalf of all the tax-burdened, working class people in Hawaii, please pass H.B. 475. Let's ask everyone to pay their fair share to support this special community.

Sincerely,



Vivian Shiroma
Vice President



Rep. Luke, Chair
Rep Cullen, Vice Chair
Committee on Finance

February 18, 2019

**SUBJ: Support for HB 475, HD1, HSCR 481
Relating to Taxation of Real Estate Investment Trusts**

Dear Representatives Luke & Cullen:

As a business person concerned about Hawaii's economy and long-term community development, I strongly support HB 475, Relating to Taxation of Real Estate Investment Trusts.

These bills correct a glaring loophole in our state income tax law that allow mainland corporations operating profitably as REITs in Hawaii to take the net income out of our state without paying income tax like the rest of us. *In fact, my firm pays over \$500,000 per year in ground rent to such a mainland-based REIT and it is frustrating to know that they give nothing back to this community!* Overall, this loophole results in a loss of \$30 to \$60 million annually to the state. These funds are desperately needed to shore up our poor fiscal position (38th of 50 States according to the Mercatus Center); with unfunded pension and health care liabilities of some \$44 Billion.

There is more REIT-owned property in Hawaii per capita than any other state in the nation. And with our attractive real estate market, this will only increase in the future to further deplete our tax base. Ala Moana Shopping Center, Pearlridge Shopping Center, Hilton Hawaiian Village, International Marketplace, plus hundreds of other properties owned by mainland companies operate here without paying any income tax. This loophole must be closed so that REITs are taxed the same way as other real estate investors.

For these reasons, I urge the committee to pass this bill related to the taxation of REITs. Thank you for the opportunity to testify.


Very Sincerely,


Bob Dewitz
Chairman


 American Electric


 info@AmericanElectric.com

 www.AmericanElectric.com

 Oahu Location
799 Kahelu Ave.
Mililani, HI 96789
T: 808.848.0751
F: 808.842.7980

 Maui Location
360 East Uahi Way
Wailuku, HI 96793
T: 808.986.0818
F: 808.986.0819

 Kauai Location
1865 Haleukana St #A
Lihue, HI 96766
T: 808.245.3727
F: 808.245.1606

 Hilo Location
221 Makaala St.
Hilo, HI 96720
T: 808.769.0999
F: 808.333.5327

HB-475-HD-1

Submitted on: 2/19/2019 3:48:39 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:



ANNE OLIVER (R)
VICE PRESIDENT

GLOBAL LUXURY

Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair
Committee on Finance

February 19, 2019

Support for HB 475, Relating to Taxation of Real Estate Investment Trusts

As a Realtor concerned about Hawaii's economy and long-term community development, I strongly support HB 475, Relating to Taxation of Real Estate Investment Trusts.

These bills correct a glaring loophole in our state income tax law that allow mainland corporations operating profitably as REITs in Hawaii to take the net income out of our state without paying income tax like the rest of us. This results in a loss of \$30 to \$60 million annually to the state. These funds are desperately needed to support the costs of education, social services, and other state commitments, which continue to struggle.

There is more REIT-owned property in Hawaii per capita than any other state in the nation. And with our attractive real estate market, this will only increase in the future to further deplete our tax base. Ala Moana Shopping Center, Pearlridge Shopping Center, Hilton Hawaiian Village, International Marketplace, plus hundreds of other properties owned by mainland companies operate here without paying any income tax. This loophole must be closed so that REITs are taxed the same way as other real estate investors.

For these reasons, I urge the committee to pass HB 475 related to the taxation of REITs. Thank you for the opportunity to testify.

Thank you,

Sincerely,

Anne Oliver (R)
Vice President, RB-17132
Luxury Property Specialist
NRT Society of Excellence
Cell: 808.292.2800
Email: oliver@cbpacific.com
www.anneoliver.com

C E & S Corp.
94-460 Uke'e Street
Waipahu, HI 96797
Phone (808) 676-7566 Fax (808) 676-7599

February 18, 2019

House Committee on Finance
Rep. Sylvia Luke, Chair
RE: HB475

Dear Legislators,

As a Hawaii resident I believe all businesses in Hawaii should pay state income taxes. I've learned that certain mainland companies known real estate investment trusts currently exploit a loophole to avoid paying income tax in Hawaii, costing our state millions of dollars in tax revenue every year.

I support the efforts of HB475 requiring real estate investment trust companies to pay income tax to support our state.

Mahalo,

Brandon Fujimoto

President, C E & S Corp.

IMPERIAL ASSOCIATES, LTD

3737 Manoa Road • Honolulu, Hawaii 96822 • Phone: (808) 946-2966 • FAX: (808) 943-3140

February 19, 2019

**VIA FACSIMILE
586-6201**

Honorable Representative Sylvia Luke, Chair
Honorable Representative Ty J. K. Cullen, Vice Chair
House Members of Committee on Finance

**RE: TESTIMONY IN SUPPORT OF HOUSE BILL HB475 HD1 - RELATING TO
TAXATION OF REAL ESTATE INVESTMENT TRUSTS - HEARING
SCHEDULED FOR WEDNESDAY, FEBRUARY 20, 2019, AT 4:00 PM IN
CONFERENCE ROOM 308, HAWAII STATE CAPITOL**

Dear Honorable Chair Luke, Vice Chair Cullen, and Members of the House
Committee on Finance:

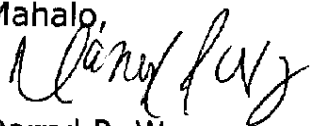
As a business person concerned about Hawaii's economy and long-term
community development, I strongly support H.B. No. 475 HD1, Relating to
Taxation of Real Estate Investment Trusts.

This bill corrects a glaring loophole in our state income tax law that allow
mainland corporations operating profitably as REITs in Hawaii to take the net
income out of our state without paying income tax like the rest of us. This
results in a loss of \$30 to \$60 million annually to the state. These funds are
desperately needed to support the costs of education, social services, and
other state commitments, which continue to struggle.

There is more REIT-owned property in Hawaii per capita than any other
state in the nation. And with our attractive real estate market, this will only
increase in the future to further deplete our tax base. Ala Moana Shopping
Center, Pearlridge Shopping Center, Hilton Hawaiian Village, International
Marketplace, plus hundreds of other properties owned by mainland
companies operate here without paying any income tax. This loophole must
be closed so that REITs are taxed the same way as other real estate
investors.

For these reasons, I urge the committee to pass H.B 475 HD1 related to the
taxation of REITs.

Mahalo,



Darryl P. Wong
3737 Manoa Road
Honolulu, Hawaii 96822



OPSEU Pension Trust

Fiducie du régime de
retraite du SEFPO

The Honorable Sylvia Luke, Chair and Committee Members
Committee on Finance
Hawaii State Capitol, Rm. 308
Honolulu, HI 96813

Dear Chair Luke and Committee Members:

RE: HB 475 HD1 Relating to Taxation of Real Estate Investment Trusts (REIT's)

My name is Andrew Alcock, Director, Real Estate Investments, OPTrust, testifying in strong opposition to HB 475 HD1 Relating to Taxation of Real Estate Investment Trusts. OPTrust is one of Canada's largest pension funds, with net assets of over \$20 billion CAD. The trust administers a defined benefit plan with almost 92,000 members and retirees.

OPTrust partnered with DeBartolo Development ("DeBartolo") to develop the Ka Makana Ali'i center in Kapolei. DeBartolo's vision and partnership with the Department of Hawaiian Home Lands ("DHHL") were important factors in OPTrust's decision to invest in Hawaii. One of the deciding factors in OPTrust making its investment in Ka Makana Ali'i, was the sound investment policies of both the State of Hawaii and its partnership with developers like DeBartolo. OPTrust invests across the globe. Many of those investments are made through REIT structures, which provide a dividend exemption by law. By way of example, there is only one State in the United States of America (New Hampshire) which does not permit the REIT dividend deduction. The ability to invest in Ka Makana Ali'i through a REIT structure was paramount to OPTrust's decision to invest in Hawaii.

REIT's provide a way to finance projects that local investors or the State of Hawaii would not be able to provide. Disallowing the dividends paid deduction for REIT's will result in the double taxation on REIT income and will place Hawaii at a disadvantage compared to others States when it comes to attracting investor capital. Disallowing the deduction would prevent numerous investors from investing in the State of Hawaii, resulting in far fewer development projects and less low-income housing. Should HD 475 HD1 be passed, it would no longer be efficient for OPTrust to make investments in the State of Hawaii, including Phase 2 of the Ka Makana Ali'i project. As a result, OPTrust would be forced to direct its invest capital elsewhere. Unfortunately, we also understand and recognize that any changes in the law will have a very undesirable effect on groups like DHHL.

We urge you to strongly oppose HB475 HD1, so that projects such as Ka Makana Ali'I can continue to be built and enhance Hawaii's economic growth.

Thank you for this opportunity to testify.

Yours truly,

Andrew Alcock
OPTrust

{00364931.2}

1 Adelaide Street East
Suite 1200
Toronto, ON M5C 3A7

www.optrust.com

Tel: (416) 681-6161
(Toronto calling area)

1-800-906-7738
(Toll-free in Canada)

Fax: (416) 681-6175

February 19, 2019

Honorable Sylvia Luke, Chair
Honorable Ty J.K. Cullen, Vice Chair
Committee on Finance
State Capitol (conference room 308)
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **Testimony in Opposition to House Bill No. 475, HD1 relating to real estate investment trusts**

Dear Chair Luke, Vice-Chair Cullen and Committee Members:

On behalf of Taubman Centers, thank you for the opportunity to provide our testimony in **opposition** to House Bill No. 475 HD1, which is being heard by the Committee on Finance on February 20, 2019 at 4 pm. House Bill 475 HD1 would disallow the dividend paid deduction for real estate investment trusts ("REITs").

REITs are responsible for a significant amount of economic activity in Hawaii and HB 475 HD1 that increases state income taxation of REITs would be a policy change that could discourage future investment by REITs in Hawaii, stifling the availability of capital and putting Hawaii at a competitive disadvantage versus virtually every other state when trying to attract capital for investment. Because investments by REITs generate so much economic activity and create so many local jobs in the State, disallowing the deduction for dividends paid could not only hurt workers in Hawaii, over the long run, it ultimately may result in less tax revenue for the State as it makes Hawaii unattractive for investment by REITs resulting in less economic activity.

Taubman Centers alone invested over \$475 million for the redevelopment of International Market Place. Our shopping center pays annually over \$1.7 million in general excise tax and over \$3.7 million in property taxes. To date we have paid in total over \$1.5 million in local conveyance taxes. During the development of the center it resulted in employment of over an estimated 1,000 construction jobs and after opening it created an estimated 1,600 permanent jobs (including employment by tenants). This generated both general excise tax revenues from construction work and individual income tax revenues from both the construction and permanent jobs. Please see page three for the economic benefits in Hawaii created by the REIT industry as a whole.

Taubman Centers in Hawaii

Taubman Centers is a publicly owned REIT engaged in the ownership, operation, management, development and leasing of 26 regional, super-regional and outlet shopping centers in the U.S. and Asia. We completed construction to redevelop International Market Place in Waikiki, Honolulu in August of 2016 for a total cost of over \$475 million. The construction began in 2014 with Queen Emma Land Company and our partner Coastwood Capital Group. The shopping center offers 86 retailers and 8 restaurants. It is designed to celebrate the rich history of the site and honor Queen Emma's legacy, while adding vitality and appeal to Waikiki for tourists and kama'āina alike. We are very excited about the center and are proud to be a part of the community.

REIT Tax Treatment

We are organized, owned and operated in a manner to qualify as a REIT under the Internal Revenue Code for federal income tax purposes. A REIT is a conduit vehicle designed to allow many small investors to participate in real estate development and ownership. REITs are also owned by institutions comprised of state and local pension funds and 401K individual retirement plans. Some of the requirements to qualify as a REIT include (1) ownership by at least 100 shareholders, (2) a prohibition on being closely held and controlled by limiting ownership by five or fewer persons to no more than a 50% interest in the REIT, (3) meeting certain asset and income tests to ensure we are primarily invested in real estate and operate it for rental purposes as a long term investor, and (4) paying out all of our taxable income as cash dividends to our shareholders which is not required by most other entity forms such as partnerships, LLCs and other c-corporations. Failure to meet these requirements results in losing our REIT tax status or in some circumstances harsh penalties like a prohibited transaction tax for not holding property as a long term investor in a rental real estate business. For meeting these stringent tests, Taubman Centers, like all REITs, is entitled to a deduction for dividends paid to our shareholders to reduce our taxable income. It is this deduction afforded in the federal tax law and permitted by virtually all other states that House Bill 475 HD1 would eliminate and disallow for Hawaii corporate income taxation.

Because of the forced dividend requirement to distribute all of its taxable income, a REIT's taxable income is effectively taxed at the shareholder level by the state taxing the shareholder's dividend income in their state of residence. This allows for a single level of taxation at the shareholder level and no double taxation (i.e., it prevents taxation at both the entity level and again at the shareholder level) and is consistent with the treatment of investors in mutual funds that are treated as regulated investment companies for tax purposes. For REITs, state income taxation

based on the shareholder's residence is the uniform tax treatment in virtually all states that impose an income based tax system. This results in state income taxation by Hawaii on dividends received by Hawaii residents who are shareholders in REITs that may own property and operations outside of the State.¹

REIT Economic Benefits in Hawaii

Approximately 80 REITs have invested in commercial real estate in Hawaii and are responsible for significant economic activity in the construction industry, resort industry, restaurant and retail industry, office and industrial leasing and others.² Taubman alone invested over \$475 million for the redevelopment of International Market Place. In addition, it will continue to require investment to fund significant capital expenditures on a recurring annual basis to maintain the property to our standards and provide the highest quality shopping destination for our shoppers and tenants.

Such business activity generates substantial economic benefit for Hawaii, including providing jobs, as well as significant tax revenues for the State government. The tax revenues include substantial general excise taxes on rents from tenants, on the sale of goods and services at retail by the tenants, and on construction activities. For local governments the business activity generates property and conveyance taxes.

In year 2015 REITs were associated with more than 11,700 jobs representing labor earnings of nearly \$500 million and \$95 million in tax revenue in Hawaii. And in the past five years REIT funded construction activity is estimated to have generated \$3 billion in Hawaii GDP.³

¹ More than 9,300 individual investors in Hawaii receive \$30 million in dividend each year
Brewbaker, P.H., Ph.D., CBE. (2015, December). *Economic Impacts of Real Estate Investment Trusts in Hawaii*
<http://thereitwayhawaii.com/wp-content/uploads/2016/02/REITs-in-Hawaii-final-December-2015.pdf> (Prepared for the National Association of Real Estate Investment Trusts® (NAREIT))

² Brewbaker, P.H., Ph.D., CBE. (2015, December). *Economic Impacts of Real Estate Investment Trusts in Hawaii*
<http://thereitwayhawaii.com/wp-content/uploads/2016/02/REITs-in-Hawaii-final-December-2015.pdf> (Prepared for the National Association of Real Estate Investment Trusts® (NAREIT))

³ *ibid*

Hawaii residents own an estimated \$2.5 billion in real estate equity through REITs, mutual funds and exchange traded funds that distribute more than \$105 million in REIT dividends annually. Approximately 9,300 individual investors in Hawaii receive \$30 million each year in REIT distributions.⁴ House Bill No. 475 HD1 resulting in double taxation to REIT profits (once at the REIT level and again at the shareholder level) will affect after tax return on investment of Hawaii residents.

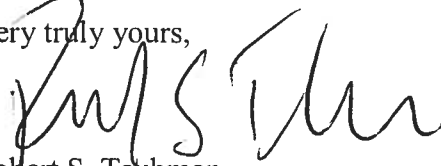
For more information about REITs in Hawaii please visit www.thereitwayhawaii.com.

As previously mentioned, such a policy change in state taxation of REITs could discourage future investment by REITs in Hawaii, stifling the availability of capital and putting Hawaii at a competitive disadvantage versus virtually every other state when trying to attract capital for investment. Because investments by REITs generate so much economic activity and create so many local jobs in the State, disallowing the deduction for dividends paid could not only hurt workers in Hawaii, over the long run, it ultimately may result in less tax revenue for the State as its makes Hawaii unattractive for investment by REITs resulting in less economic activity.

For the foregoing reasons, we respectfully ask the Committee on Finance to hold House Bill 475 HD1.

Thank you for your consideration of our testimony.

Very truly yours,



Robert S. Taubman
Chairman, President and Chief Executive Officer
Taubman Centers, Inc

⁴ ibid



February 19, 2019

The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair
House Committee on Finance
State Capitol
415 South Beretania Street
Honolulu, HI 96813

RE: Opposition to HB 475 HD 1/Hearing on Feb. 20, 2019 at 4:00 p.m.

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

On behalf of Simon Property Group (Simon), thank you for the opportunity to submit this testimony in strong opposition to HB 475 HD 1. Simon is a publicly traded real estate investment trust (REIT). We own, develop and manage premier shopping, dining, entertainment and mixed-use destinations, including Waikēle Premium Outlets in Waipahu. As of December 31, 2017, we owned or held an interest in 207 income-producing properties in the United States, which consisted of 107 malls, 68 Premium Outlets, a number of other retail properties in 37 states and Puerto Rico. We also own a number of overseas properties.

HB 475 HD would eliminate the REIT dividends paid deduction (DPD), contrary to federal law and the laws of virtually every state with a corporate income tax.

Modeled after mutual funds, Congress created REITs in 1960 to provide a way for ordinary Americans to combine their capital in order to invest in professionally-managed, income producing real estate with a single level of taxation. In the past, such investment was generally limited to wealthy investors through partnerships. Unlike other real estate owners, as a REIT, we must meet strict asset, income, and operational tests to ensure that we are a widely-held, real estate-focused company. Unlike other real estate owners, but like mutual funds, we can't retain our earnings. We must distribute at least 90% of our taxable income to shareholders. If we satisfy this distribution requirement as well as the other REIT rules, we are entitled to claim a DPD. We must pay corporate tax on an income we retain.

Like other REITs, we invest for the long-term. We have owned the Waikēle Premium Outlets since 2004. Since we've owned this property, we have invested over \$95 million to improve the property. This investment has improved the property's value, allowing it to generate about \$1.4 million annually in property taxes and \$1.5 million annually in general excise taxes.



As a publicly traded REIT that invests in multiple states and throughout the world, we must consider the local business climate as a factor in terms of where to invest, and to continue to invest, capital. Enactment of this bill would lead to double taxation of our shareholders and would make Hawaii a less attractive place to invest, not just for Simon, but for other investors who may view its enactment as meant to discourage future investment, thereby jeopardizing jobs and future revenues in the State. Investments in virtually all other states would not be subject to this second level of tax, so HB 475 HD 1 would make it more likely that we would invest outside of Hawaii. Please consider the important contributions that REITs have made in Hawaii. We respectfully ask that you hold HB 475 HD 1.

Thank you again for the opportunity to submit this testimony.

Sincerely,

Rajeev Chhabra

Manager

Waikēle Premium Outlets

HB-475-HD-1

Submitted on: 2/19/2019 10:36:33 AM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Helene "Sam" Shenkus	International Council of Shopping Centers	Oppose	No

Comments:



Park Hotels & Resorts Inc.
Scott Winer, SVP Tax
1775 Tysons Boulevard
7th Floor
Tysons, VA 22102
+1 571 302 5757 Main

WRITTEN TESTIMONY OF

SCOTT D. WINER
SENIOR VICE PRESIDENT, TAX
PARK HOTELS & RESORTS INC.

IN OPPOSITION TO HB 475, HD 1
BEFORE THE HAWAII HOUSE OF REPRESENTATIVES

[COMMITTEE ON FINANCE](#)

REP. SYLVIA LUKE, CHAIR
REP. TY J.K. CULLEN, VICE CHAIR

HEARING ON HB 475, HD 1
FEBRUARY 20, 2019

On behalf of Park Hotels & Resorts Inc. ("PARK"), thank you for this opportunity to provide our testimony on HB 475, HD 1. PARK submits this testimony in opposition to HB 475, HD 1.

PARK is a publicly traded lodging real estate investment trust ("REIT") (NYSE:PK) that owns 52 premium branded hotels and resorts globally. Included within PARK's portfolio of hotels are (i) the Hilton Hawaiian Village Waikiki Beach Resort located along Oahu's prestigious Waikiki Beach, and (ii) the Hilton Waikoloa Village located on the Kohala Coast of the Big Island of Hawaii. PARK strives to be the preeminent lodging REIT, focused on consistently delivering superior, risk adjusted returns for shareholders that invest in the hotel sector. PARK, like most REITs, has a long-term investment focus and is committed to creating sustainable value at its properties.

As you know, Congress enacted the REIT legislation in 1960 to allow individual investors the ability to own and benefit from professionally managed, institutional quality, income-producing real estate. As with all REITs, PARK must meet multiple stringent, complex and costly requirements in order to maintain its status as a REIT, including: organizational requirements, asset holding requirements, passive income generation requirements, and importantly REITs must distribute at least 90% of their taxable income annually. These stringent, complex and costly requirements do Not apply to non-REIT real estate owners.

One of these requirements, the passive income generation requirement, separates the federal tax rules for REITs and the rules applicable to non-REITs. Federal tax law dictates that a REIT must earn most of its income from "rents", and income from operating a hotel is not "rents". Thus, federal law requires that a lodging REIT lease its hotels to a third party or one or more fully taxable subsidiaries. If leased to a taxable subsidiary (which is the structure used by public REITs), the taxable subsidiary is required to hire an independent operator, like Hilton, to manage the hotel. The rents paid by the taxable subsidiary to the REIT hotel owner and the management fees paid to the independent operator are both subject to Hawaii GET. Thus, hotel REITs are subject to triple GET taxation. The over-whelming majority (approx..85%) of the additional GET is a direct result of federal law governing hotel REITs and would not be paid by a typical non-REIT hotel owner.

As described below, Park's acquisition of the two Hawaii hotels resulted in approximately **\$9.5 million in additional GET being paid to the State of Hawaii annually**.

Further, as REITs are passive real estate companies, they cannot actively trade in real estate properties without being subject to a 100% tax on the gain. In addition, because of the taxable income distribution requirement, REITs are required to continuously access the debt and equity capital markets to obtain capital for maintenance, improvements and growth projects.

By meeting these stringent, costly and complex requirements REITs are allowed to claim a dividend paid deduction ("DPD") essentially passing through their taxable income to shareholders. HB 475, HD 1 proposes to eliminate the DPD for all REITs operating in Hawaii, effective for taxable years beginning after December 31, 2019.

We believe the DPD should not be eliminated. The elimination of the DPD would be inconsistent with federal tax rules and the existing rules of virtually all other states with an income-based tax system and potentially harmful to Hawaii by eliminating the additional GET revenue that is directly attributable to the REIT structure.

We believe that our investment and the investments by other REITs in Hawaii are beneficial to the state and that eliminating the DPD would have the undesirable consequence of discouraging future investment by REITs in Hawaii. We believe the proposed legislation will not increase tax revenue for the state as the cost of doing business in Hawaii will diminish investment returns and result in less investment. Further, elimination of the DPD could result in foundations or pension funds replacing REIT ownership of real property. Foundations and pension funds generally are passive owners that pay no income taxes and do not make the same investments as REITs.

If hotels in Hawaii are held by non-REIT hotel owners, including C corporations and taxable subsidiaries of REITs, the additional GET revenue generated solely as a result of the REIT structure will disappear.

We believe the GET, which is a tax on gross receipts rather than a tax on net income, is a more reliable and steadier source of state revenues than Corporate income tax and HB 475's enactment would threaten this extremely valuable source of revenues to the State.

PARK's two landmark, oceanfront resorts cater to residents from Hawaii and the mainland, and international travelers. PARK's Hawaiian resorts provide significant economic benefit to the State of Hawaii. We have made extensive renovations in excess of ~\$228 million at Hilton Hawaiian Village and Hilton Waikoloa Village, over the last 5 years.

PARK's economic footprint benefits the State of Hawaii in many ways, including:

JOBS: PARK's hotels directly employ more than 2,728 employees. The payroll and associated benefits for these direct employees is in excess of \$188,843,121 million annually.

CAPITAL MAINTENANCE: Over the next five years, PARK will likely spend almost \$200 million at Hilton Hawaiian Village and Waikoloa Village on capital maintenance projects.

CAPITAL DEVELOPMENT / IMPROVEMENTS. Given the long-term nature of our investment, PARK is currently analyzing significant development opportunities that will require meaningful capital investment at both resorts. These capital investments which are at various stages of feasibility / underwriting would be **hundreds of millions** of dollars.

HAWAII TAXES GENERATED / PAID BY PARK:

- General Excise and Use Tax - Operations. The tax revenues generated from our operations totaled \$25,238,236 in 2018.
- General Excise Tax – Rent / Management Agreement. As described above as a REIT, unlike other real estate owners, PARK must use a lease structure. As a result, we are required to pay General Excise Tax on the rent paid between our related companies. Effectively a double taxation of the same revenue. This additional GET paid by PARK was \$8,068,335 in 2018 and the additional GET paid by PARK on the management fees paid to our independent operator was \$1,400,294 in 2018.
- Property taxes. Property taxes at PARK's two resorts totaled \$18,378,954 in 2018.

CHARITABLE ENDEAVORS BY PARK and ITS ASSOCIATES in HAWAII:

- PARK associates spend thousands of hours annually volunteering for local events and charities.
- PARK and its associates provide cash and in-kind charitable contributions more than \$600,000 annually.

We believe that PARK's REIT structure and hotel ownership benefits the State of Hawaii and Kama'aina tremendously in a variety of economic and charitable ways.

If adopted, this controversial legislation would (i) put Hawaii at a competitive disadvantage for REIT investment, (ii) penalize Hawaii citizens, including the Hawaii Employer-Union Health Benefits Trust Fund beneficiaries, who invest in REITs by reducing their investment returns, (iii) discourage REITs from investing in Hawaii, (iv) require PARK to reassess the level of future capital invested in Hawaii and our Hawaiian assets, and (v) require Park to address our form of ownership and operation in Hawaii, including implementing one or more appropriate tax planning technique or strategy. Further, this legislation would have a chilling effect on the positive economic and charitable impact PARK provides through its REIT ownership and capital investment in Hawaii.

We thank you again for this opportunity to provide testimony against HB 475, HD 1 and sincerely hope you consider our **strong opposition** to this proposed legislation.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'S. Winer', with a horizontal line extending to the right.

Scott Winer
Senior Vice President, Tax



SUNSTONE
HOTEL INVESTORS

February 19, 2019

House of Representatives Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair
Conference Room 308
State Capitol
415 South Beretania Street

Honorable Chair Luke & Committee on Finance Members,

Thank you for the opportunity to provide written testimony in opposition of House Bill No. 475, relating to the taxation of Real Estate Investment Trusts in Hawaii. My name is Olivier Kolpin and I am the Vice President of Tax at Sunstone Hotel Investors, Inc. ("Sunstone"). Sunstone is a publicly traded lodging real estate investment trust ("REIT") with 21 upper upscale, luxury and resort properties comprised of 10,780 rooms in 9 states (including Hawaii) and Washington DC.

Our presence in Hawaii began in 2014 with the purchase of the Marriott Wailea on the beautiful island of Maui. Soon after we made a significant capital investment of just over \$130 million dollars to renovate and reposition the resort. Of that \$130 million dollars in capital investment 76%, or just over \$100 million dollars went directly to local contractors, consultants, vendors and small businesses. Because the hotel industry is capital intensive, we will continue to make capital improvements to the property in the millions of dollars, most all of which will stay with Hawaiian businesses.

I bring your attention to Hawaii's General Excise Tax ("GET"). As you know, GET reaches most all transactions and has very few and limited exceptions. For example, our past and future capital investments mentioned above are all subject to GET. GET also reaches a transaction unique only to REITs that own lodging facilities. Per the federal Internal Revenue Code, REITs are required to generate a majority of their income through rents and other passive income. For hotel REITs this is accomplished by the REIT leasing the hotel property to a fully taxable subsidiary corporate entity, who in turn must hire an independent 3rd party to manage the hotel on its behalf. This arrangement is also subject to GET. In Sunstone's case, our annual GET payments have ranged between \$1.5

and \$1.8 million dollars. The GET applicable to the rent from the taxable subsidiary are dollars that a non-REIT hotel business does not have to pay.

Key to Sunstone's business philosophy is the ability to listen. We listen to our investors and take what they say seriously. We listen to our employees and take what they say seriously. We listen to our guests and take what they say seriously, and we are listening to you and take what you say seriously. We understand that Hawaii, much like other states where we do business, faces desperate challenges with housing and homelessness. However, we feel that House Bill No. 475 will not accomplish the goals you have set out for it. The intended and unintended consequences of decoupling Hawaii's tax regime from the Internal Revenue Code could lead to less investment, less tax revenues and fewer jobs in Hawaii.

In conclusion, I would like to reiterate our opposition to House Bill No. 475.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Olivier Kolpin', with a long horizontal line extending to the right.

Olivier Kolpin
VP Tax
Sunstone Hotel Investors, Inc.

WRITTEN TESTIMONY OF

**JEFFREY S. CLARK
SVP-TAX & JV ACCOUNTING
HOST HOTELS & RESORTS, INC.
IN OPPOSITION TO H.B. 475 H.D.1**

**BEFORE THE HAWAII HOUSE COMMITTEE ON
FINANCE**

**THE HONORABLE SYLVIA LUKE, CHAIR
THE HONORABLE TY J.K. CULLEN, VICE CHAIR**

HEARING ON H.B. 475 H.D.1

FEB. 20, 2019

Thank you for the opportunity to submit this testimony in opposition to H.B. 475 H.D.1 on behalf of Host Hotels & Resorts, Inc. (Host). Host is the largest lodging real estate investment trust (REIT) and one of the largest owners of luxury and upper-upscale hotels. The Company is headquartered in Bethesda, Maryland and is traded on the New York Stock Exchange. Host owns approximately 90 hotels throughout the US, Canada and Brazil, including four in Hawaii. Host strongly opposes, and asks you to hold, H.B. 475 H.D.1.

Host agrees with the discussion points included in the testimony of NAREIT in opposition to H.B. 475 H.D.1 regarding how the legislation would lose revenue on a net basis and how the bill would cause REITs to invest more in other states since such states do not have such anti-REIT provisions.

In addition, Host would like to emphasize that the federal tax law requirements of a hotel REIT like Host leads to the doubling or tripling of the general excise tax (GET) as compared with non-REIT hotel owners.

REITs are subject to federal tax law requirements that do not apply to other types of property owners. As relevant here, at least 75% of a REIT's annual gross income must consist of "rents". Hotel room charges are not considered as "rents". As a result, federal tax law requires hotel REITs to:

- Lease their hotels to a third party or to a taxable subsidiary, and
- If leased to a taxable subsidiary, the subsidiary must hire an independent operator to manage the hotel.

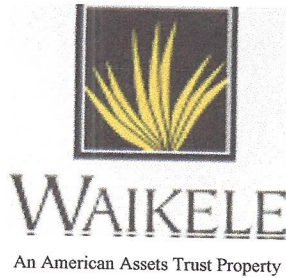
Again, these requirements do not apply to non-REIT hotel owners.

Hawaii imposes GET not only on the room charges and other hotel operating income earned by the hotel, but also on the rent received from the taxable subsidiary and on the management fee paid to the operator. Again, this additional GET is not imposed on a non-REIT hotel owner. As a result, GET is imposed on at least three levels of income of a hotel REIT: the room charges and other operating income, the rent received from the taxable subsidiary, and the management fee paid to the hotel operator.

For example, Host leases its four Hawai'i hotels, the Fairmont Kea Lani on Maui, the Hyatt Regency Maui Resort & Spa, the Andaz Maui, and the Hyatt Place Waikiki Beach to a taxable subsidiary, and the taxable subsidiary hires independent operators (Fairmont and Hyatt) to operate the hotels. Both the subsidiary rents and the operator fees have resulted in an **additional annual GET of approximately \$5-\$6 million** to Hawaii for each of 2017 and 2018 that would not have been assessed if the same entity was the owner and the operator. Because the GET is a gross receipts, rather than a net income, tax, it is a much more reliable source of revenues for the State. It also is a much greater source of revenues to the State than the corporate income tax. The enactment of H.B. 475 H.D.1 immediately would risk elimination of this extremely valuable source of GET revenues to the State.

Because of these unique requirements applicable to hotel REITs, the State received more than \$16 million of GET in 2018 alone from hotel REITs in Hawai'i that non-REIT hotel owners do not incur. Yet the proponents of H.B. 475 H.D.1 claim that we operate tax-free in Hawaii!

Why operate this way if it results in more aggregate tax than a non-REIT hotel owner-operator? Because owning and operating the hotels require different expertise and separating the hotel ownership from the hotel operations creates more value both for the investors in the REIT and the investors in the hotel operator. As an additional benefit, it also creates millions of dollars of revenues to, and many jobs, in, this State. It's a win-win situation, all of which immediately could be jeopardized by the enactment of H.B. 475 H.D.1. Accordingly, Host respectfully asks the Committee to hold H.B. 475 H.D.1.



February 20, 2019

Honorable Sylvia Luke, Chair
Honorable Ty J.K. Cullen, Vice Chair
Committee on Finance
State Capitol
415 South Beretania Street Room 308
Honolulu, Hawaii 96813

Re: Written Testimony to House Bill No. 475 HD1, Relating to Taxation of Real Estate Investment Trusts

Dear Chair Luke, Vice-Chair Cullen, and Committee Members:

My name is Pamela Wilson, and I am the General Manager of Hawaii Real Estate for American Assets Trust (AAT). I am a life-long resident of our Islands. I have worked for American Assets Trust for the past fourteen years and have witnessed the positive impact that they have had on our communities. American Assets Trust is a New York Stock Exchange-listed Real Estate Investment Trust (REIT) engaged in acquiring, improving, developing and managing premier retail, office and residential properties primarily in Hawaii, Southern California, Northern California, Oregon, and Washington State.

H.B. 475 HD1 seeks to eliminate the dividends paid deduction (or DPD) for all REITs operating in Hawaii.

REITs allow ordinary Americans to invest in real estate. As with all REITs, and unlike other non-REIT property owners, we must satisfy many strict and expensive requirements in order to maintain our REIT status. One of the requirements is to distribute annually all of our taxable income to shareholders in order for all of our earnings to be taxed at the shareholder level. Another requirement is to own properties for the long-term, rather than to develop and sell properties. This bill would penalize not only the REITs themselves, but also Hawaii residents and pension funds who invest in REITs owning Hawaii real estate.

Like most REITs, American Assets Trust is a long-term property investor. AAT owns four properties in Hawaii: The Shops at 2150 Kalakaua; Waikele Center; Waikiki Beach Walk and the Embassy Suites-Waikiki Beach Walk. We are committed to creating sustainable value at our properties. We have helped to nurture local businesses that provide jobs, increase business activity, and contribute to the state's economy (through generation of additional payroll, general excise, property taxes and income taxes earned by residents employed at these properties). We play a valuable role in support of the local communities. Additionally, the growth in tourism over the last decade is in part a result of the long term capital allocation by REITs to create high quality, world class retail and resort destinations that tourists enjoy and are drawn back to time and time again.

Notably, the REIT business model does not depend on "flipping" properties but on providing sustainable returns to our investors from distributions of current earnings and modest capital appreciation of our stock. Thus, we are incentivized (assuming state law regarding REITs does not change) to continue making additional investments in Hawaii at these properties.

As a REIT that invests in multiple states, a double taxation would make Hawaii less attractive and encourage the placement of investments in other states that do permit the Dividend Paid Deduction (DPD). HB 475 HD1 would make Hawaii only one of two states that would subject REITs to corporate income taxation, upsetting the uniformity of state taxation principles between all states except New Hampshire, which has about a fourth of REIT investment compared with Hawaii.

Furthermore, House Bill 475 HD1 proposes an unworkable system. Unlike an S corporation, a publicly traded REIT is not limited to 100 shareholders who can be easily identified. In fact, many such REITs have millions of shares outstanding, with approximately 99 percent held in "street name" by a central securities depository on behalf of the ultimate owners. It is and would be impossible for a given REIT to provide the name, address and federal identifying information required under House Bill 475 HD1 with respect to all of these shares. And the way in which capital markets operate, with thousands of shareholders entering and leaving the market in a single day or an hour, further compounds an already impossible challenge.

I ask that you consider the very real financial contributions and community benefits that REITs bring to our State. I ask that you consider how burdensome this new legislation as proposed would be and how difficult compliance would be. Please hold Bill 475 HD1. Thank you for the opportunity to submit this testimony.

Sincerely,

A handwritten signature in cursive script that reads "Pamela R. Wilson". The signature is written in black ink and is positioned above the typed name and title.

Pamela R. Wilson
General Manager, Hawaii Real Estate
American Assets Trust

Real Estate Investment Trusts (REITs) are corporations that use a loophole to avoid the Hawaii corporate tax. That loophole should be closed, and the new tax revenue that is generated should be dedicated to increase the supply of affordable housing.

REITs own income-producing property in Hawaii such as Ala Moana Center, the Hilton Hawaiian Village Resort, as well as office buildings and many other shopping centers and hotels. Together, they own property with an estimated total value of \$18 billion that earns an estimated \$1 billion in profits annually. If Hawaii's corporate tax were applied to REITs, it is estimated that somewhere in the neighborhood of \$60 million in tax revenue would be generated. I support this bill to make REITs pay full state corporate tax on this income.

However, the increased tax proceeds should not just go into the General Fund or the department of Business, Economic Development and Tourism as the Bill is currently written. Hawaii faces an enormous shortage of housing that is affordable to low- and middle-income individuals and families. New housing is being built, but most of it is priced for the high-income strata. Some efforts are being made to build affordable housing for low- and middle-income levels, but much greater efforts must be made because the need is so great and the cost of housing is so high. Just hoping that private developers will ever generate the required/middle income housing is unrealistic, public housing is necessary. I lived in Singapore for a number of years and their public housing approach is an excellent model.

The bill should be amended to separate the REIT tax revenue from the general fund and economic development, and instead direct it 100% to the creation of affordable housing in Hawaii.

Thank you for your support of this Bill.

Bruce Anderson
941 B Prospect Street
Honolulu, HI 96822

HB-475-HD-1

Submitted on: 2/16/2019 12:48:47 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Eldon L. Wegner	Individual	Support	No

Comments:

Suggest the funds generated by closing the loophole be placed in a separate fund rather than the general fund to be expended on affordable housing.

HB-475-HD-1

Submitted on: 2/16/2019 1:59:21 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Shane Albritton	Individual	Support	No

Comments:

Aloha Chair Luke & Members of the Committee,

I am writing in **STRONG SUPPORT** of HB475.

REITs like Alexander and Baldwin own about \$17 billion worth of Hawai'i real estate and earn profits of about \$1 billion every year, but they have a special tax status that exempts them from paying millions of dollars in corporate income tax.

Please close this tax loophole and require these real estate investors to pay their fair share.

Mahalo,

Shane Albritton

HB-475-HD-1

Submitted on: 2/16/2019 2:06:03 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Banner Fanene	Individual	Support	No

Comments:

HB-475-HD-1

Submitted on: 2/17/2019 5:32:08 AM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ellen Godbey Carson	Individual	Support	No

Comments:

i support this bill subject to one amendment noted below. REITs own major income-producing property in Hawaii such as Ala Moana Center, the Hilton Hawaiian Village Resort, as well as office buildings and many other shopping centers and hotels. Together, they own property with an estimated total value of \$18 billion that earns an estimated \$1 billion in profits annually. If Hawaii's corporate tax were applied to REITs, an estimated \$60million in corporate tax revenue would be generated.

Meanwhile, Hawaii faces an enormous shortage of housing that is affordable to low- and middle-income individuals and families. New housing is being built, but most of it is priced for the high-income strata. Some efforts are being made to build affordable housing for low- and middle-income levels, but much greater efforts must be made because the need is so great and the cost of housing is so high.

Various ideas to fund affordable housing are contained in "Housing Action Plan Final Report to the State Legislature," which was funded by the Legislature and issued in 2017. One of those ideas is dedicating new tax revenue for affordable/workforce housing or infrastructure, with the funds kept separate from the general fund.

I urge this bill should be amended to separate the REIT tax revenues from the general fund and to dedicate it to developing affordable housing.

Testimony in supporting HB 475 HD1 with an amendment
House Committee on Finance
February 20, 2019 at 4:00 in Conference Room 308

My name is Rev. David Turner, and I am the pastor of The Church of the Crossroads, Hawaii's first intentionally multi-cultural church, founded in 1923. We have 200 members residing all over Oahu and have, as a congregation, unanimously adopted a position of supporting taxation of REITs as a revenue source for affordable housing. Both our church and myself are also very involved in Faith Action an inter-faith organization advocating for justice and community equity here in Hawaii. Faith Action is also in support HB 475

Thank you for this opportunity to testify in support of HB 475 HD1. Real Estate Investment Trusts (REITs) are corporations that use a loophole to avoid the Hawaii corporate tax. That loophole should be closed, and the new tax revenue that is generated should be dedicated 100% to increase the supply of affordable housing.

REITs own income-producing property in Hawaii such as Ala Moana Center, the Hilton Hawaiian Village Resort, as well as office buildings and many other shopping centers and hotels. Together, they own property with an estimated total value of \$18 billion that earns an estimated \$1 billion in profits annually. If Hawaii's corporate tax were applied to REITs, an estimated \$60 million in tax revenue would be generated.

Meanwhile, Hawaii faces an enormous shortage of housing that is affordable to low- and middle-income individuals and families. New housing is being built, but most of it is priced for the high-income strata. Some efforts are being made to build affordable housing for low- and middle-income levels, but much greater efforts must be made because the need is so great and the cost of housing is so high.

Various ideas to finance affordable housing are contained in an action plan for workforce/affordable housing that was funded by the Legislature and issued in 2017. Those ideas include dedicating new tax revenue for affordable/workforce housing or infrastructure, with the funds kept separate from the general fund. (Housing Action Plan Final Report to the State Legislature, 2017, p. xii)

This bill should be amended to separate the new tax revenue from the general fund and to dedicate 100% of it to the creation of affordable housing in Hawaii. With that amendment, the Church of the Crossroads supports this bill.

Mahalo for your time and dedication.

Aloha, Rev. David Turner
Church of the Crossroads – 1212 University Ave. / Honolulu, HI 96826

HB-475-HD-1

Submitted on: 2/17/2019 4:30:33 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Valerie Wayne	Individual	Support	No

Comments:

Aloha,

I am Valerie Wayne, and I support this measure, although I strongly believe it should be amended so the revenue generated would go to support affordable housing.

It is unconscionable that a Hawaii schoolteacher (or a legislator) should have to pay taxes on the income they receive in Hawaii while off-shore owned REIT shareholders do not. Yes, REIT's make investments in Hawaii and make contributions to our society, but so do schoolteachers and legislators. Why should REIT's get a free ride? The real reason is that until the bright light of publicity was focused on REIT'S, few of your constituents in Hawaii understood what they were. The majority certainly did not understand the nature of the REIT loophole. Many of your constituents do understand it now, however, and they will hold you accountable.

Various ideas to fund affordable housing are contained in "Housing Action Plan Final Report to the State Legislature," which was funded by the Legislature and issued in 2017. One of those ideas is dedicating new tax revenue for affordable/workforce housing or infrastructure, with the funds kept separate from the general fund.

The bill HB 475 should be amended to separate the REIT tax revenues from the general fund and to dedicate it to developing affordable housing. With that amendment, I support the bill.

Mahalo for considering my testimony and thank you for your service.

Valerie Wayne

HB-475-HD-1

Submitted on: 2/18/2019 12:19:02 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Margaret ANN Renick	Individual	Support	No

Comments:

Please pass this bill - close the REIT tax loophole.

Dedicate the funds to affordable housing

February 18, 2019

Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
Committee on Finance

Support for H.B. No. 475, HD1

As a Hawaii resident for over 69 years, I am disheartened to continually hear that the State does not have the means to fix our public schools, improve our public health services, address homelessness and affordable rental housing, providing access to quality health care, and support for the elderly and disabled as well as their caregivers and pay promised benefits to our retirees, even while my tax bill seems to increase every year. I believe all businesses in Hawaii should pay state income taxes. I've learned that certain mainland companies known as real estate investment trusts currently exploit a loophole to avoid paying income tax in Hawaii, costing our state millions of dollars in tax revenue every year.

It is unfair that the mainland owners of the major shopping centers, hotels, and office buildings in Hawaii are permitted to profit from our local and visitor trade without paying any income tax to our State. REITs should be required to contribute to the costs of the infrastructure, emergency, and social services that support their properties, the same way our local businesses and Hawaii residents are.

I support the efforts of requiring real estate investment trust companies to pay income tax to support our state. We need to protect our tax base. I strongly urge you to pass H.B. 475, HD1. Thank you.

Mahalo,



Colin Lau
47-695 Hui Ulili St.
Kaneohe, HI 96744

HB-475-HD-1

Submitted on: 2/18/2019 3:50:03 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jared Watumull	Individual	Support	No

Comments:

I storngly support the passing of HB475. Mainland REITs take our resources and do not pay a fairshare.

HB-475-HD-1

Submitted on: 2/18/2019 4:02:23 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Claire Gearen	Individual	Support	No

Comments:

Dear Chair Sylvia Luke, Vice-chair Ty J.K. Cullen, and members of the House Committee on Finance,

My name is Claire Gearen. I am a member of Faith Action for Community Equity, and I write in strong support of House Bill 475 HD1.

As a public employee and a teacher who sees firsthand the benefit of state dollars spent for the education of Hawai'i's youth, I have a vested interest in how legislators balance the needs of fiscal restraint and generation of revenue through taxes. On the issue of Real Estate Investment Trusts, however, it is apparent how much the general public has at stake in our state's lost dollars. As I have mentioned in previous testimony, the lost revenue is measurable on the level of the individual resident of Hawai'i.

I appreciate the careful scrutiny Chair Sylvia Luke is giving the state budget. I urge the committee to pass this measure as a complement to such work; it will right an imbalance in the current structure of the state's revenue stream.

The Tax Foundation of Hawai'i submitted comments on this measure in January to the effect that while the state follows the Internal Revenue Code, legislators have been willing to depart from the federal code when there is a compelling reason to do so. There is a compelling reason now. The federal government is not losing revenue from their code as our state is.

Moreover, our state is losing population, both due to a dramatic decrease in births and from households moving out of state. A root cause is lack of affordable housing. I am proud of the work of our legislature in 2018. We need to continue such successful legislative sessions if we are to correct the imbalance in our economy and keep our friends and family in the islands. Please fix the REIT tax loophole this session and continue to work on affordable housing. Thank you for the opportunity to testify.

Sincerely,
Claire Gearen

HB-475-HD-1

Submitted on: 2/18/2019 7:38:02 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Koohan Paik	Individual	Support	No

Comments:

HB-475-HD-1

Submitted on: 2/19/2019 8:23:21 AM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kuulani Muise	Individual	Support	No

Comments:

HB-475-HD-1

Submitted on: 2/19/2019 9:07:13 AM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Culbertson	Individual	Support	No

Comments:

HB-475-HD-1

Submitted on: 2/19/2019 9:41:52 AM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Ching	Individual	Support	No

Comments:

Chair Luke, Vice Chair Cullen, and members of the committee,

I strongly support HB475 HD1 -- taxing of Real Estate Investment Trusts (REIT).

HB475, HD1 would raise \$60 million in annual revenue by requiring Real Estate Investment Trusts pay their fair share of taxes. These funds could assist the State in investing in the development and preservation of housing that is affordable for household earning \$75,000 annually or less.

Mahalo for your consideration.

Randy Ching (Honolulu)

HB-475-HD-1

Submitted on: 2/19/2019 9:52:04 AM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Annie AuHoon	Individual	Support	No

Comments:

To: The Honorable Roy M.

Takumi,

the House Committee on Consumer Protection and Commerce

February 12, 2019 Time: 2:00 P.M.

Conference Room 329, State Capitol

Chair and Members of

Date: Tuesday,

Place:

H.B. 475, H.D. 1, eliminates conformity to Internal Revenue Code section 857(b)(2)(B), and disallows the deduction for dividends paid by a Real Estate Investment Trust (REIT). House Committee on Economic Development and Business added a provision that 10% of the net revenue gain from this measure is to be earmarked for the Department of Business, Economic Development, and Tourism (DBEDT) to fund economic development in the State. H.D. 1 has a defective effective date such that it applies to taxable years beginning after December 31, 2112. First, the Department notes that the new provision providing that 10% of the revenue generated from REITs is very ambiguous. If the intent is to earmark 10% of all income tax revenue paid by REITs this should be specified. Further, the provision as currently written does not seem to be sufficient to create and appropriation. The provision can be read to simply provide a method to calculate an amount that DBEDT must spend rather than providing the funds to spend. If this provision is intended to be an appropriation, the Department suggests appropriating the amount to a special fund that has specific requirements on the how the funds must be spent. Second, while a REIT must report all of its income on a tax return, it is not mandatory to report all of its allowable deductions. This is because the dividends paid for the deduction alone will eliminate any tax liability. In other words, to properly estimate the potential revenue gain we must also consider the other allowable deductions that can be used to offset tax liability, as well as behavioral responses due to tax planning. Finally, the Department notes that it always prefers conformity with the Internal Revenue Code (IRC) where possible, as it provides clear guidance to both the Department and to Department of Taxation Testimony CPC HB 475 HD1 February 12, 2019 Page 2 of 2 taxpayers; the Internal Revenue Service has issued substantial guidance in the form of rules and regulations, and there are many court decisions regarding the various sections of the IRC. Conformity greatly minimizes the burden on the Department and taxpayers, thereby assisting compliance with Hawaii's tax law.

Thank you for the opportunity to provide comments.

Sincerely,

Annie Au Hoon

HB-475-HD-1

Submitted on: 2/19/2019 10:17:13 AM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Emily Garland	Individual	Support	No

Comments:

HB-475-HD-1

Submitted on: 2/19/2019 10:52:53 AM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chezlani Casar	Individual	Support	No

Comments:

**Testimony in Support of HB 475 with Suggestions for Modification: Relating to
Taxation**

TO: House Committee on Finance
FROM: Roger H. Epstein, Esq.
HEARING: Tuesday, February 19, 2018 at 4pm, Conference Room 221

Dear Chair Luke and members of the Committee on Ways and Means:

I am writing to express my support for HB 475 to ensure that REITs pay their fair share of Hawai'i income taxes.

Until I retired in 2016 I was a corporate tax lawyer with one of the largest law firms in Hawaii for 45 years and before that for 5 years with the IRS in Washington, DC. I am not being paid by anyone to work on this issue, but I have invested a significant amount of time into researching this festering problem of REITs paying no income tax in Hawaii. It is deeply troubling that REITs have avoided paying this tax for 50 years and are still fighting to avoid collection.

While HB475 presents a solution for collecting the approximately \$50-60M of revenues Hawaii has been losing annually, because REITs are not paying any income tax on their \$1B of Hawaii income, it has not passed the Legislature since its first introduction in 2014. (I have attached a chart to my testimony showing that Hawaii is losing more from the current state of REIT income taxation than any other state in the country.) The problem seems to be that it is a change from the Federal law and creates a double state income tax on REITs.

I suggest instead, that a withholding bill similar to SB675 be adopted, which retains consistency with Federal law taxing REITs shareholders, instead of the REITs and their shareholders, while now adding the accompanying Federal provision for withholding the tax due from nonresident ("foreigners" in Federal parlance) shareholders, that Hawaii has not yet adopted.

In line with comments made by the AG, the DOTAX and the REIT industry last year, this SB675 has been amended to completely comply with all constitutional requirements and to insure that state tax credits will be available where the shareholders reside. (I have attached to my testimony a research paper analyzing all the issues raised by the REIT industry in 2018, and concluding they are non-issues under well settled constitutional and Hawaii law.)

To insure there will not be difficulties in administration, the bill provides for a minimum tax to be withheld and paid by all shareholders, whether resident or not in Hawaii. This allows a REIT to merely add a column to the Hawaii tax returns they already file, listing their shareholders and enclosing a single check for 5% of the entire income paid out. What could be simpler? REIT shareholders not residing in Hawaii will not have to file any Hawaii returns or otherwise connect with the State, unless they owe tax on other Hawaii income. They will then report their Hawaii REIT earnings as income on their state of residence returns claiming a credit for the tax paid in Hawaii. Should any REIT shareholders be tax exempt organizations, they may file a Hawaii tax and claim a refund for the tax withheld.

So for the REITs, one extra schedule to add to their return, one check to write for withholding, and one extra line item on their State Shareholder Form 1099s. No extra returns for DOTAX. They may need to keep a list of REIT shareholders who paid tax, but they will not receive returns from them, nor will the shareholders have to contact or be contacted by the DOTAX. The REIT shareholders will merely have to include a single item on their own State tax returns for the tax withheld, in a manner similar to what they report for State tax withheld on their paychecks.

DOTAX will have to add language to some informational material to explain the revised REIT law. However, this is required anytime and every time the Hawaii tax law changes. And a limited number of forms may need to be revised to add reference to the tax and withholding.

Thus, a withholding law is legal, constitutional, consistent with federal law, and does not create a substantial administrative burden on any of the parties involved. As a practical matter, by fighting withholding, REITs are saying to Hawaii, you allowed us to eliminate our corporate level income tax in exchange for our shareholders paying tax on that income. And we understand that most of our shareholders are out of state so you can't actually collect from them. But it's really too much trouble to collect from them through withholding, so why don't you just forget the whole \$50-60M a year.

Thank you for your consideration of this important issue.

February 19, 2019

Re: HB475 HD1 in support

Representative Sylvia Luke, Chair
Finance Committee
House of Representatives
State of Hawai'i

Dear Representative Luke and Members of the Committee,

I am a retired United Church of Christ clergyperson who has lived in Hawai'i for over 40 years. I am writing in support of HB475 HD1 relating to the taxation of REITs.

I have only two arguments to make in support of the bill:

1. Profits generated from Real Estate Investment Trusts on property held in Hawai'i should be taxed by the State of Hawai'i and the taxes generated should be directed to the State of Hawai'i.
2. Since it is real estate that is taxed, and given the desperate need for affordable housing in Hawai'i, the taxes generated should be designated for the Rental Income Housing Fund. This provision should be added as an amendment to the bill.

Please vote affirmatively for HB475 HD1. Fairness dictates that profits from investment property in Hawai'i should be taxed by the State of Hawai'i to benefit the people of Hawai'i.

Yours truly,

The Rev. D. Neal MacPherson

HB-475-HD-1

Submitted on: 2/19/2019 2:25:56 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Hunter Heavilin	Individual	Support	No

Comments:

I strongly support this bill.

Michael J. Fergus

125 MERCHANT STREET, SUITE 200
HONOLULU, HAWAII 96813
TELEPHONE (808) 545-1700
FAX (808) 545-1788

February 20, 2017, 4:00 PM
House Conference Room 308

TO: Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

FROM: Michael J. Fergus

RE: In Support of HB 475, Relating to Taxation of Real Estate Investment Trusts

Members of the Committee on Finance:

Our tax base in Hawaii is at risk; not just the general excise tax and transient accommodations tax but also our income tax. Numerous hotels, shopping centers, office buildings and industrial parks owned by mainland REITs are basically exempt from Hawaii income tax.

The number of REIT-owned properties in Hawaii is growing very quickly. There is 50% more REIT-owned property now than there was two years ago when DBEDT completed its study. DBEDT found that there was \$11 billion of REIT-owned property in Hawaii as of 2014, including Ala Moana Center, Pearlridge Center, all 11 Public Storage buildings, Bishop Square, Davies Pacific Center, Whalers Village, and hundreds more properties on all islands. Since then, Hilton Hawaiian Village, Hilton Waikoloa, International Marketplace, all of A&B's properties which include most of Kailua commercial, and many other hotels have become REITs. The total value of REIT property is now around \$17 billion. The lost taxes in 2017 are estimated to be more than \$50 million. By not taxing REITs in Hawaii, residents of this state are subsidizing the shareholders of those organizations.

Let's use Ala Moana Center as an example.

Who is benefiting from the REIT tax exemption?

Ala Moana Center is owned by General Growth Properties, 37% of which is owned by the Norway Investment Fund, the government of Abu Dhabi, and a Canadian investment company. So we are subsidizing foreign entities. Another significant shareholder is the President of General Growth, Sandeep Mathrani. He received a salary of \$39 million in 2015. By not making Ala Moana Center pay income taxes like everyone else, we are subsidizing his salary.

Don't REITs have to pay other taxes?

General Growth will tell you that they pay general excise tax and property tax. Not really. Ala Moana Center makes its tenants reimburse 100% of those taxes so it effectively pays no taxes.

In addition, General Growth protests any increases in its real property tax assessments so aggressively that Ala Moana Center's total assessment for 2016 was only \$1.2 billion for the entire property when it had just sold 37.5% for \$2.2 billion. The City is losing \$50 million a year in real property tax due to General Growth's aggressive assessment appeals.

What about capital gains tax?

In 2015, when General Growth sold 37.5% of Ala Moana Center for \$2.2 billion, it resulted in a gain of \$960 million. But they were exempt from the \$38 million in capital gains tax that any other property owner would have had to pay. If this bill had been passed two years ago, the State of Hawaii would have received \$38 million in capital gains tax from General Growth, plus the \$36 million that DBEDT estimated to be the income tax on all REITs at that time, for a total of \$74 million for one year.

Ala Moana Center constitutes a large percentage of REIT property in Hawaii and very little of its income stays in this state. Neither does it contribute significantly to our community's charities.

Every company earning income in Hawaii should be paying its fair share of taxes, especially out-of-state companies that offer low-wage jobs to our community members. I have given you good reasons to vote for this bill. Our tax base will just keep shrinking unless you act now.

February 18, 2019

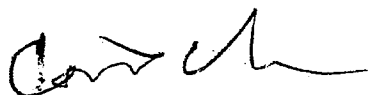
House Committee on Finance
Representative Sylvia Luke, Chair
RE: Support of HB475

Dear Chair Luke and other Members,

As a life-long Hawaii resident I believe all businesses in Hawaii should pay their share of state income taxes. However certain mainland companies own real estate investment trusts which exploit a loophole to avoid paying income tax in Hawaii. This is not equitable and costs our state millions of dollars in lost tax revenue every year. Money that should be going to our schools, health and social services, and our senior population.

I support the efforts of HB475 which requires real estate investment trust companies to pay income tax to support our communities and families.

Mahalo,

A handwritten signature in black ink, appearing to read 'Calvert Chun', written in a cursive style.

Calvert Chun
1054-A Alewa Drive
Honolulu, HI 96817

Representative Sylvia Luke
House Committee on Finance

From Ben Walin
Commercial Properties of Maui LLCV

February 18, 2019

Support for HB475, Relating to Taxation of Real Estate Investment Trusts

As a business person concerned about Hawaii's economy and long-term community development, I strongly support HB475, Relating to Taxation of Real Estate Investment Trusts.

These bills correct a glaring loophole in our state income tax law that allow mainland corporations operating profitably as REITs in Hawaii to take the net income out of our state without paying income tax like the rest of us. This results in a loss of \$30 to \$60 million annually to the state. These funds are desperately needed to support the costs of education, social services, and other state commitments, which continue to struggle.

There is more REIT-owned property in Hawaii per capita than any other state in the nation. And with our attractive real estate market, this will only increase in the future to further deplete our tax base. Ala Moana Shopping Center, Pearlridge Shopping Center, Hilton Hawaiian Village, International Marketplace, plus hundreds of other properties owned by mainland companies operate here without paying any income tax. This loophole must be closed so that REITs are taxed the same way as other real estate investors.

For these reasons, I urge the committee to pass HB475 related to the taxation of REITs. Thank you for the opportunity to testify.

Thank you,



Representative Sylvia Luke
Representative Ty J.K Cullen
House of Representatives Committee on Finance

February 20, 2019

Support for HB 475, Relating to Taxation of Real Estate Investment Trusts

Dear Legislators,

As a Hawaii resident I believe all businesses in Hawaii should pay state income taxes. I've learned that certain mainland companies known real estate investment trusts currently exploit a loophole to avoid paying income tax in Hawaii, costing our state millions of dollars in tax revenue every year.

There is no reason why any investor in Hawaii should be operating tax-free when our state is struggling to pay for our children's education, services for our elderly, and to deliver promised benefits to its retirees. REITs don't pay sufficient taxes to support Hawaii's infrastructure and don't support our local charities in a meaningful way, then they ship our money out of state, tax free. There are plenty of local, mainland, and foreign tax-paying real estate investors here. We should level the playing field and tax REITs the same way as other real estate investors. We need to protect our tax base for the benefit of our community.

I support the efforts of Senate Bills 301 requiring real estate investment trust companies to pay income tax to support our state.

Mahalo,



Nick W. Teves, Jr.



Marshall W. Hung – Former Workforce Housing Developer for Honolulu
215 N. King Street, Suite 1000, Honolulu, HI 96817
W: 808.526.2027 ext. 6 F: 808.526-2066

To: COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair

Re: HB475 Hearing in February, 2019

Dear Legislators,

As a Hawaii resident I believe all businesses in Hawaii should pay state income taxes. I've learned that certain mainland companies known real estate investment trusts currently exploit a loophole to avoid paying income tax in Hawaii, costing our state millions of dollars in tax revenue every year.

I support the efforts of HB475 requiring real estate investment trust companies to pay income tax to support our state. Mahalo.

Sincerely yours,

Marshall Hung, former real estate developer

HB-475-HD-1

Submitted on: 2/19/2019 3:42:51 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Vivian Shiroma	Individual	Support	No

Comments:

Submitting on behalf of Mr. Hyman. Thank you.

LATE

HB-475-HD-1

Submitted on: 2/19/2019 6:03:26 PM

Testimony for FIN on 2/20/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph Kohn MD	We Are One, Inc. - www.WeAreOne.cc - WAO	Support	No

Comments:

Strongly Support

HB-475-HD-1

Submitted on: 2/20/2019 8:02:13 AM

Testimony for FIN on 2/20/2019 4:00:00 PM



Submitted By	Organization	Testifier Position	Present at Hearing
Mary Lacques	Individual	Support	No

Comments:

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee:

My name is Mary Lacques and I live in Hale'iwa. I am submitting testimony in strong support of HB 475 HD1. After educating myself about the special tax status that Real Estate Investments Trusts receive, I am convinced that they need to pay their fair share of state taxes to support our communities across the islands.

Please support this fiscally responsible bill and pass HB 475 HD1.

Aloha,

Mary Lacques

Hale'iwa



LIUNA!

LATE

**TESTIMONY OF RYAN K. KOBAYASHI
GOVERNMENT AND COMMUNITY RELATIONS DIRECTOR
HAWAII LABORERS UNION LOCAL 368**

COMMITTEE ON FINANCE

NOTICE OF HEARING

DATE: Wednesday, February 20, 2019
TIME: 4:00 p.m.
PLACE: Room 308

**TESTIMONY IN OPPOSITION TO HB475 RELATING TO THE CONTRACTORS
LICENSE BOARD**

ALOHA COMMITTEE CHAIR LUKE, VICE-CHAIR CULLEN,

My name is Ryan K. Kobayashi, Government and Community Relations Director for the Hawaii Laborers Union, Local 368. The Hawaii Laborers Union is made up of over 5000 working and retired members across the State of Hawaii. We are **OPPOSED to HB475**.

While it may appear that at present the construction industry is "healthy" and many of our members our working, the fact of the matter is that total man hours have been gradually decreasing over the past two quarters. We are deeply concerned about the current financial slowdown and the possibility of an impending slowdown in the overall economy leading to a potential recession, and the impacts these could have on our membership. As a result of the most recent recession, many of our members have still not recovered from those impacts although they may be presently working. Bankruptcy, foreclosure and divorce were a very real fact of life for many our members during that recession.

This measure (HB475) proposes to increase the tax burden on REITs, which already pay many millions in property tax and millions more in GE tax. This additional taxation will make it difficult for REITs to continue investing in new projects and make improvements to their existing properties.

REITs invest in Hawaii when the economy is **soft or in recession**. And because they invest continuously, even during recessions, projects like the expansion of Ala Moana Center and the redevelopment of the International Market Place, as well as numerous other projects, this makes it possible for many of our members to remain employed during a slow period for Hawaii's construction industry.

Therefore, we believe that a departure from the federal tax code by repealing the deduction real estate investment trusts receive on the dividends paid to their shareholders could either halt or stall REIT investment on new construction and or renovation work in our State. Any cessation or stalling of investment activity by REITs in

LiUNA Local 368
1617 Palama Street
Honolulu, HI 96817
Phone: (808) 841-5877
Fax: (808) 847-7829
www.local368.org

Feel the Power

our State would negatively impact Hawaii's construction industry and ultimately our members **both working and retired** who depend on REIT investments to provide work, fair wages, good benefits, and pensions for themselves and their families.

In conclusion, the Hawaii Laborers' Union is **OPPOSED** to **HB475**, and we respectfully request that your committee **defer** this bill.

HB-475-HD-1

Submitted on: 2/20/2019 10:03:57 AM

Testimony for FIN on 2/20/2019 4:00:00 PM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Autumn Ness	Individual	Support	Yes

Comments:

Jacob R. Fergus

LATE

125 MERCHANT STREET, SUITE 200
HONOLULU, HAWAII 96813
TELEPHONE (808) 545-1700
FAX (808) 545-1788

Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
Committee on Finance

Wednesday, February 20, 2019

Support for H.B. No. 475, Relating to Taxation of Real Estate Investment Trusts

As a business person concerned about Hawaii's economy and long-term community development, I strongly support H.B. No. 475, Relating to Taxation of Real Estate Investment Trusts.

These bills correct a glaring loophole in our state income tax law that allow mainland corporations operating profitably as REITs in Hawaii to take the net income out of our state without paying income tax like the rest of us. This results in a loss of \$30 to \$60 million annually to the state. These funds are desperately needed to support the costs of education, social services, and other state commitments, which continue to struggle.

There is more REIT-owned property in Hawaii per capita than any other state in the nation. And with our attractive real estate market, this will only increase in the future to further deplete our tax base. Ala Moana Shopping Center, Pearlridge Shopping Center, Hilton Hawaiian Village, International Marketplace, plus hundreds of other properties owned by mainland companies operate here without paying any income tax. This loophole must be closed so that REITs are taxed the same way as other real estate investors.

For these reasons, I urge the committee to pass H.B 475 related to the taxation of REITs. Thank you for the opportunity to testify.

Thank you,

Jake fergus

**LARRY JEFTS
FARMS, LLC
PO BOX 27
KUNIA, HAWAII
96759
(808) 688-2892**



HB 451hd1, Relating to Hawaii Association of Conservation Districts
House FIN Hearing
Wednesday, February 20, 2019
2:00 pm
Conference Room 308

Testimony by: Larry Jefts
Position: Support

Chair Luke and Members of the House FIN Committee:

I am Larry Jefts, owner and operator of Larry Jefts Farms, LLC, which is part of our family-run business of farms on Oahu and Molokai, under the administrative umbrella of Sugarland Growers, Inc. We have more than 35 years of Hawaii farm experience on Molokai and Oahu. I am a volunteer director for the West Oahu Soil and Water Conservation District (SWCD).

The SWCD framework and authority were created through HRS 180. It helps farmers and ranchers with conservation plan development as well as assist respective County governments' with grading permit and plan reviews. Throughout the State, 80 volunteer directors in 16 SWCD work with local area partners to accomplish its work that includes conservation and environmental education outreach.

Your support of this funding request will go far toward strengthening environmental stewardship of agriculture soil and water use, particularly as Hawaii welcomes many new farmers and ranchers. It will also facilitate eligibility of farmers and ranchers for federal and state programs that require conservation plans and its implementation at the farm or ranch level.

Thank you for the opportunity to present testimony

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 6:35 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Olaf-Lee Tollefsen

Email

olaf.tollefsen@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. I am a resident of Honolulu and proud to vote in every election. It is my opinion that REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed to build a strong Hawai'i for everyone. Please pass H B 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. Thank-you for your consideration, Olaf-Lee Tollefsen

Attending Hearing?

No

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 6:35 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Olaf-Lee Tollefsen

Email

olaf.tollefsen@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. I am a resident of Honolulu and proud to vote in every election. It is my opinion that REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed to build a strong Hawai'i for everyone. Please pass H B 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. Thank-you for your consideration, Olaf-Lee Tollefsen

Attending Hearing?

No

LATE

From: Sylvia Ching <noreply@jotform.com>
Sent: Tuesday, February 19, 2019 3:16 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Sylvia Ching
Email: sching35@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Aloha. My name is Sylvia Ching and I am from House district 25.

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

There are many pressing needs in our community which will greatly benefit from additional tax revenue. Please pass this bill.

Mahalo.

LATE

From: Kathleen Jaycox <noreply@jotform.com>
Sent: Tuesday, February 19, 2019 1:33 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Kathleen Jaycox
Email: jaycox@hawaii.edu
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

LATE

From: Whitney Kim <noreply@jotform.com>
Sent: Tuesday, February 19, 2019 1:15 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Whitney Kim
Email: wlkim@hawaii.edu
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:04 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Nate Hix

Email

nate.hix@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

Yes

LATE

From: Olaf-Lee Tollefsen <noreply@jotform.com>
Sent: Saturday, February 16, 2019 10:52 AM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Olaf-Lee Tollefsen
Email: olaf.tollefsen@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. I am a resident of Honolulu and proud to vote in every election. It is my opinion that REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed to build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Thank-you for your consideration,
Olaf-Lee Tollefsen



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:03 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Leialoha Tucker

Email

kauai_life@hotmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:02 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

scott shafer

Email

groovologynow@yahoo.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

Yes



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:01 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Skye Darnell Darnell

Email

skyemikki@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Although my family is not native to Hawai'i, we've been here for generations and enjoy the honor of being able to continue to raise our children in paradise, despite the ever increasing cost of living. Families like mine and those that I teach in our public schools everyday, would really appreciate if REITs would give back to the communities that patronize and support them. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. Thank you!

Attending Hearing?

No

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:00 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Royce Okamura

Email

rois93@yahoo.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No



From: Royce Okamura <noreply@jotform.com>
Sent: Saturday, February 16, 2019 10:54 AM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Royce Okamura
Email: rois93@yahoo.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:07 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Elizabeth Winternitz

Email

ewinrus@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No

LATE

From: Skye Darnell Darnell <noreply@jotform.com>
Sent: Saturday, February 16, 2019 11:06 AM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Skye Darnell Darnell
Email: skyemikki@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Although my family is not native to Hawai'i, we've been here for generations and enjoy the honor of being able to continue to raise our children in paradise, despite the ever increasing cost of living. Families like mine and those that I teach in our public schools everyday, would really appreciate if REITs would give back to the communities that patronize and support them.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Thank you!



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:06 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Rev Samuel L Domingo

Email

revsamdom@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

Yes

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:05 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Steven Costa Costa

Email

thnxkeakua@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No

From: scott shafer <noreply@jotform.com>
Sent: Saturday, February 16, 2019 11:15 AM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: scott shafer
Email: groovologynow@yahoo.com
Will be attending the hearing: Yes

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:14 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Deanna Espinas

Email

espihawaii@juno.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

Yes

LATE

From: Leialoha Tucker <noreply@jotform.com>
Sent: Saturday, February 16, 2019 12:27 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Leialoha Tucker
Email: kauai_life@hotmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:13 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Sharain Naylor

Email

sasheir@yahoo.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:11 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Kathryne Lam

Email

kathrynelam@hotmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No

LATE

From: Nate Hix <noreply@jotform.com>
Sent: Saturday, February 16, 2019 1:08 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Nate Hix
Email: nate.hix@gmail.com
Will be attending the hearing: Yes

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:10 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Taylor Haver

Email

taylorhaver@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:08 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Wally Inglis

Email

wallyinglis@yahoo.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: I appreciate this opportunity to testify in strong support of HB 475 HD1. Real Estate Investment Trusts in Hawai'i should pay their fair share of state taxes as responsible members of our community. As Hawaii business entities, REITs need to do their part in supporting our community. They already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. Please pass HB 475 HD1 and eliminate the corporate income tax exemption now enjoyed by REITs. Even better, I recommend an amendment that a share of the increase in taxes be earmarked for the development of much-needed low-income housing for our state. Aloha, Wally Inglis Palolo Valley

Attending Hearing?

Yes



From: Steven Costa Costa <noreply@jotform.com>
Sent: Saturday, February 16, 2019 1:26 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Steven Costa Costa
Email: thnxkeakua@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:25 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Joseph Kohn MD

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 18, 2019

Name

Joseph Kohn MD

Email

joseph@WeAreOne.cc

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. Tax the rich and they will still be rich. www.WeAreOne.cc

Attending Hearing?

Nomedia.

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:23 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 18, 2019

Name

Noelani Ahia

Email

jennahia@yahoo.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:21 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Tani Kagesa

Email

tkagesa@hawaii.edu

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Aloha mai kākou Chair Luke, Vice Chair Cullen, and members of the Committee: Mahalo piha for this opportunity to provide testimony in support of HB 475 HD1. REITs, operating in Hawai'i, must pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. As a working student and a proud daughter of working class parents, I was raised with the deep value of fulfilling our kuleana as contributing citizens. Please advise REITs to do the same and fulfill their kuleana to the people of Hawai'i. With these millions of dollars of REITs income tax revenue redirected to affordable housing in Hawai'i, tons of families in need of shelter may finally rest at night with a roof over their heads. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. Mahalo nui loa for your consideration.

Attending Hearing?

Yes

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:19 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Kevin Landers

Email

kvnplndrs@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:17 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Nenita Cabanilla

Email

caban54@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. In Solidarity, Nenita Cabanilla Waipahu

Attending Hearing?

No

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:16 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 17, 2019

Name

Cindy Aban

Email

caban54@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. In Solidarity, Cindy Aban Waipahu

Attending Hearing?

No

finance1 - Sean

From: Rev Samuel L Domingo <noreply@jotform.com>
Sent: Saturday, February 16, 2019 1:44 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Rev Samuel L Domingo
Email: revsamdom@gmail.com
Will be attending the hearing: Yes

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

LATE

From: Rev Samuel L Domingo <noreply@jotform.com>
Sent: Saturday, February 16, 2019 1:44 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Rev Samuel L Domingo
Email: revsamdom@gmail.com
Will be attending the hearing: Yes

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:40 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Emma Stauber

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Tuesday, February 19, 2019 02:18

Name

Emma Stauber

Email

emmaleah@hawaii.edu

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:37 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Lurline Bettencourt

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Tuesday, February 19, 2019 02:07

Name

Lurline Bettencourt

Email

lurline94510@yahoo.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:35 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Laura Ramirez

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Tuesday, February 19, 2019 02:04

Name

Laura Ramirez

Email

lauraramirez87@hotmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:34 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Nancy S Young

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Monday, February 18, 2019 19:59

Name

Nancy S Young

Email

salth2onancy@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. REIT's earn income in Hawaii, but give their taxes to the home state of the owners rather that to Hawaii where they earn the income. This is not fair. I live here up Kalihi Valley. I know that we need the tax money here in Hawaii. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

Yes

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:32 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Ben Shafer

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 18, 2019

Name

Ben Shafer

Email

bdshafer@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Aloha kākou Chairm Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. Mahalo nui loa kākou for your support.

Attending Hearing?

No

media.

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:31 PM
To: FINtestimony
Subject: HB 475 FIN - Relating to Taxation of REITs: Aleni Loa

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 18, 2019

Name

Aleni Loa

Email

as4@hawaii.edu

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

Yes

finance1 - Sean

From: Elizabeth Winternitz <noreply@jotform.com>
Sent: Saturday, February 16, 2019 1:47 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs



To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Elizabeth Winternitz
Email: ewinrus@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

finance1 - Sean

LATE

From: Wally Inglis <noreply@jotform.com>
Sent: Saturday, February 16, 2019 2:18 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Wally Inglis
Email: wallyinglis@yahoo.com
Will be attending the hearing: Yes

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

I appreciate this opportunity to testify in strong support of HB 475 HD1. Real Estate Investment Trusts in Hawai'i should pay their fair share of state taxes as responsible members of our community.

As Hawaii business entities, REITs need to do their part in supporting our community. They already receive generous federal tax exemptions and benefit from Hawai'i's low property tax.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption now enjoyed by REITs. Even better, I recommend an amendment that a share of the increase in taxes be earmarked for the development of much-needed low-income housing for our state.

Aloha,

Wally Inglis

Palolo Valley

LATE

From: Taylore Haver <noreply@jotform.com>
Sent: Saturday, February 16, 2019 2:29 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Taylore Haver
Email: taylorehaver@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

LATE

From: Kathrynne Lam <noreply@jotform.com>
Sent: Saturday, February 16, 2019 4:29 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Kathrynne Lam
Email: kathrynelam@hotmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

From: Sharain Naylor <noreply@jotform.com>
Sent: Saturday, February 16, 2019 5:30 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

LATE

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Sharain Naylor
Email: sasheir@yahoo.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

LATE

From: Deanna Espinas <noreply@jotform.com>
Sent: Saturday, February 16, 2019 6:02 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Deanna Espinas
Email: espihawaii@juno.com
Will be attending the hearing: Yes

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.



From: Cindy Aban <noreply@jotform.com>
Sent: Saturday, February 16, 2019 9:18 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Cindy Aban
Email: caban54@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

In Solidarity,
Cindy Aban
Waipahu

finance1 - Sean

From: Nenita Cabanilla <noreply@jotform.com>
Sent: Saturday, February 16, 2019 9:18 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

LATE

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Nenita Cabanilla
Email: caban54@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

In Solidarity,
Nenita Cabanilla
Waipahu

From: Kevin Landers <noreply@jotform.com>
Sent: Saturday, February 16, 2019 9:25 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

LATE

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Kevin Landers
Email: kvnplndrs@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

finance1 - Sean

From: Tani Kagesa <noreply@jotform.com>
Sent: Saturday, February 16, 2019 10:53 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs



To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Tani Kagesa
Email: tkagesa@hawaii.edu
Will be attending the hearing: Yes

Aloha mai kākou Chairman Luke, Vice Chair Cullen, and members of the Committee:

Mahalo piha for this opportunity to provide testimony in support of HB 475 HD1. REITs, operating in Hawai'i, must pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. As a working student and a proud daughter of working class parents, I was raised with the deep value of fulfilling our kuleana as contributing citizens. Please advise REITs to do the same and fulfill their kuleana to the people of Hawai'i. With these millions of dollars of REITs income tax revenue redirected to affordable housing in Hawai'i, tons of families in need of shelter may finally rest at night with a roof over their heads.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Mahalo nui loa for your consideration.

finance1 - Sean

From: Noelani Ahia <noreply@jotform.com>
Sent: Sunday, February 17, 2019 10:03 AM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

LATE

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Noelani Ahia
Email: jennahia@yahoo.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

finance1 - Sean

From: Joseph Kohn MD <noreply@jotform.com>
Sent: Sunday, February 17, 2019 10:11 AM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

LATE

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Joseph Kohn MD
Email: joseph@WeAreOne.cc
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Tax the rich and they will still be rich.
www.WeAreOne.cc

finance1 - Sean

From: Kelly Duell <noreply@jotform.com>
Sent: Sunday, February 17, 2019 10:33 AM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

LATE

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Kelly Duell
Email: mauitechgirl@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

From: Morgan Bonnet <noreply@jotform.com>
Sent: Sunday, February 17, 2019 10:42 AM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REIT

LATE

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Morgan Bonnet
Email: morgan.bonnet@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Morgan Bonnet
DPH Chair of House District 25

LATE

From: Ashleigh Loa <noreply@jotform.com>
Sent: Sunday, February 17, 2019 8:43 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Ashleigh Loa
Email: ashleighloa@gmail.com
Will be attending the hearing: Yes

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

LATE

From: Aleni Loa <noreply@jotform.com>
Sent: Sunday, February 17, 2019 8:43 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Aleni Loa
Email: as4@hawaii.edu
Will be attending the hearing: Yes

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

finance1 - Sean

From: Ben Shafer <noreply@jotform.com>
Sent: Sunday, February 17, 2019 11:29 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs



To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Ben Shafer
Email: bdshafer@gmail.com
Will be attending the hearing: No

Aloha kākou Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Mahalo nui loa kākou for your support.

From: Nancy S Young <noreply@jotform.com>
Sent: Monday, February 18, 2019 3:00 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REIT



To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Nancy S Young
Email: salth2onancy@gmail.com
Will be attending the hearing: Yes

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

REIT's earn income in Hawaii, but give their taxes to the home state of the owners rather that to Hawaii where they earn the income. This is not fair. I live here up Kalihi Valley. I know that we need the tax money here in Hawaii.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

finance1 - Sean

From: Laura Ramirez <noreply@jotform.com>
Sent: Monday, February 18, 2019 9:05 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of RE



To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Laura Ramirez
Email: lauraramirez87@hotmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

finance1 - Sean

From: Lurline Bettencourt <noreply@jotform.com>
Sent: Monday, February 18, 2019 9:08 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs



To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Lurline Bettencourt
Email: lurline94510@yahoo.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

From: Emma Stauber <noreply@jotform.com>
Sent: Monday, February 18, 2019 9:19 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

LATE

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Emma Stauber
Email: emmaleah@hawaii.edu
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

finance1 - Sean

From: Winifred Ching <noreply@jotform.com>
Sent: Monday, February 18, 2019 10:33 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs



To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Winifred Ching
Email: wingin322@yahoo.com
Will be attending the hearing: Yes

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

This is February when property taxes are due. I may be one of the few people who happily write out my check and pay my fair share of taxes. I am happy to do this because I know my money STAYS IN HAWAII! I few weeks ago I found out about Real Estate Investment Trusts. I learned that REITs in Hawaii are worth billions of dollars and make millions of dollars in profit that they pass on to their share holders. And they are exempt from paying corporate taxes in Hawaii. Then I learned that most of these shareholders do not live in Hawaii. So they do not have to pay any taxes to Hawaii. That made me MAD! I am an individual that pay excise taxes, property taxes and income taxes on my modest income. Those that make money in Hawaii should pay their fair share. Money made in Hawaii should stay in Hawaii. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

finance1 - Sean

From: Robert H Stiver <noreply@jotform.com>
Sent: Monday, February 18, 2019 11:24 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of



To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Robert H Stiver
Email: bobfromoahu@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

For me, this issue was put in logical and passionate perspective by Evelyn Hao in her op-ed published in the Star-Advertiser, Sunday, February 10th. Fairness and equity demand that REITs be appropriately taxed. Please read the op-ed and make it an "inflection point" in your deliberations and decision!

Bottom line: Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. Our Hawaii will be better off for it!

finance1 - Sean

From: Soo San Schake <noreply@jotform.com>
Sent: Tuesday, February 19, 2019 2:01 AM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs



To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Soo San Schake
Email: soosanschake@gmail.com
Will be attending the hearing: Yes

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax, their exemption to paying income taxes is only a small portion of all their other tax exemption benefits. REIT owned properties in Hawaii are extremely valuable, and continue to grow in value at exponential rates.

Their tax exemptions only seems to benefit out-of-state investors, and not the local Hawaii communities. Requiring that a portion of their profits be shared with the community is not irrational nor will it influence them to pull out from such investments or stop investing here in the future because their profits are higher than other states.

I have been a resident on Oahu for the past ten years. I moved here while I was in public high school in California and transferred to the public school system here. The comparison between the quality of schools was shocking and depressing. We need to invest back into our communities, and not just in the areas where tourists visit. I think that investing in our community will ultimately save the state money in the long run and continue to sustain Hawaii by keeping it a desirable place for tourists to visit.

I think that this bill can be used to create more tax revenue for the state which can be used to improve our infrastructure, public institutions, transportation and other pressing local issues such as the growing homeless population.

I don't think that it is fair that only local residents have to bear tax increases to pay for such things like local highway improvement or the rail. It is already extremely expensive for people to afford to live here. Corporations like REITs should have to deal with tax increases as well.

I think that our loss of tax revenue from not taxing REITs at the state level hurts our state and local economy much more than other states. Other mainland states have a larger population with more taxable revenues. Our land here is insanely expensive as well as limited. REIT corporations are getting such a deal by being able to occupy these vast properties at a fraction of the costs. Other corporations would be willing to provide the same business and services for the community

while paying their fair share of state income taxes.

I think the state needs this increased tax revenue to improve our local issues as well as prepare for upcoming environmental threats caused by climate change that is anticipated to occur in the not so distant future. I think these profits need to be invested back into sustaining our state's infrastructures and our local communities, and not given to benefit people living on the mainland who do not care about our local communities. We are the ones who have to bear the economic, social and environmental difficulties here, and not some shareholder who can easily sell their stock or pull out of their investment. Please invest in the future of the local Hawaii community.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. There is so much to be benefited from this bill, with hardly any negative consequences. There is so much support for this bill by members of the community, with the only opposed being those who are employed by REITs.
Thank you.

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:52 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: David Mulinix

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 19, 2019 19:24

Name

David Mulinix

Email

dave.mulinix@juno.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: My name is David Mulinix, on behalf of our 5,000 members and supporters statewide, Our Revolution Hawaii strongly supports HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. Mahalo Nui Loa, Dave Mulinix, Our Revolution Hawaii

Attending Hearing?

No



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:50 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Sylvia Ching

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 19, 2019 15:16

Name

Sylvia Ching

Email

sching35@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Aloha. My name is Sylvia Ching and I am from House district 25. Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. There are many pressing needs in our community which will greatly benefit from additional tax revenue. Please pass this bill. Mahalo.

Attending Hearing?

No



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:49 PM
To: FINtestimony
Subject: HB 475 FIN - Relating to Taxation of REITs: Kathleen Jaycox

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 19, 2019 13:33

Name

Kathleen Jaycox

Email

jaycox@hawaii.edu

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:48 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Whitney Kim

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 19, 2019 13:14

Name

Whitney Kim

Email

wlkim@hawaii.edu

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:46 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Soo San Schake

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 19, 2019 07:01

Name

Soo San Schake

Email

soosanschake@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax, their exemption to paying income taxes is only a small portion of all their other tax exemption benefits. REIT owned properties in Hawaii are extremely valuable, and continue to grow in value at exponential rates. Their tax exemptions only seems to benefit out-of-state investors, and not the local Hawaii communities. Requiring that a portion of their profits be shared with the community is not irrational nor will it influence them to pull out from such investments or stop investing here in the future because their profits are higher than other states. I have been a resident on Oahu for the past ten years. I moved here while I was in public high school in California and transferred to the public school system here. The comparison between the quality of schools was shocking and depressing. We need to invest back into our communities, and not just in the areas where tourists visit. I think that investing in our community will ultimately save the state money in the long run and continue to sustain Hawaii by keeping it a desirable place for tourists to visit. I think that this bill can be used to create more tax revenue for the state which can be used to improve our infrastructure, public institutions, transportation and other pressing local issues such as the growing homeless population. I don't think that it is fair that only local residents have to bear tax increases to pay for such things like local highway improvement or the rail. It is already extremely expensive for people to afford to live here. Corporations like REITs should have to deal with tax increases as well. I think that our loss of tax revenue from not taxing REITs at the state level hurts our state and local economy much more than other states. Other mainland states have a larger population with more taxable revenues. Our land here is insanely expensive as well as limited. REIT corporations are getting such a deal by being able to occupy these vast properties at a fraction of the costs. Other corporations would be willing to provide the same business and services for the community while paying

their fair share of state income taxes. I think the state needs this increased tax revenue to improve our local issues as well as prepare for upcoming environmental threats caused by climate change that is anticipated to occur in the not so distant future. I think these profits need to be invested back into sustaining our state's infrastructures and our local communities, and not given to benefit people living on the mainland who do not care about our local communities. We are the ones who have to bear the economic, social and environmental difficulties here, and not some shareholder who can easily sell their stock or pull out of their investment. Please invest in the future of the local Hawaii community. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. There is so much to be benefited from this bill, with hardly any negative consequences. There is so much support for this bill by members of the community, with the only opposed being those who are employed by REITs. Thank you.

Attending Hearing?

Yes

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:45 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Robert H Stiver

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 19, 2019 04:24

Name

Robert H Stiver

Email

bobfromoahu@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. For me, this issue was put in logical and passionate perspective by Evelyn Hao in her op-ed published in the Star-Advertiser, Sunday, February 10th. Fairness and equity demand that REITs be appropriately taxed. Please read the op-ed and make it an "inflection point" in your deliberations and decision! Bottom line: Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. Our Hawaii will be better off for it!

Attending Hearing?

No

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:43 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Winifred Ching

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

February 19, 2019 03:32

Name

Winifred Ching

Email

wingin322@yahoo.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. This is February when property taxes are due. I may be one of the few people who happily write out my check and pay my fair share of taxes. I am happy to do this because I know my money STAYS IN HAWAII! I few weeks ago I found out about Real Estate Investment Trusts. I learned that REITs in Hawaii are worth billions of dollars and make millions of dollars in profit that they pass on to their share holders. And they are exempt from paying corporate taxes in Hawaii. Then I learned that most of these shareholders do not live in Hawaii. So they do not have to pay any taxes to Hawaii. That made me MAD! I am an individual that pay excise taxes, property taxes and income taxes on my modest income. Those that make money in Hawaii should pay their fair share. Money made in Hawaii should stay in Hawaii. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

Yes



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:29 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Ashleigh Loa

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 18, 2019

Name

Ashleigh Loa

Email

ashleighloa@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

Yes

LATE

From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:28 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Morgan Bonnet

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 18, 2019

Name

Morgan Bonnet

Email

morgan.bonnet@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs. Morgan Bonnet
DPH Chair of House District 25

Attending Hearing?

No



From: noreply@jotform.com
Sent: Tuesday, February 19, 2019 8:27 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1: Kelly Duell

To: House Committee on Finance
Date of hearing: Wednesday, February 20, 2019
Time: 4:00 P.M.
Place: Conference Room 308

Submission Date

Feb 18, 2019

Name

Kelly Duell

Email

mautechgirl@gmail.com

Subject

In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

Dear Chair Luke, Vice Chair Cullen, and members of the Committee: Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone. Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

Attending Hearing?

No

LATE

From: Terri Erwin <noreply@jotform.com>
Sent: Wednesday, February 20, 2019 1:08 AM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Terri Erwin
Email: terrierwin@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

LATE

From: Alana Busekrus <noreply@jotform.com>
Sent: Tuesday, February 19, 2019 11:28 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Alana Busekrus
Email: Joyfuljourney2be@yahoo.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes. As a decades' long Hawaii resident married to a local boy, father of my four young adult daughters, I hope our girls can raise their own families in Hawaii. Taxing REITs can be part of a solution to keep Hawaii affordable for its citizens!

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

LATE

From: Javier Mendez <noreply@jotform.com>
Sent: Wednesday, February 20, 2019 1:35 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Javier Mendez
Email: mendezj@hawaii.edu
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.

LATE

From: Aria Castilo <noreply@jotform.com>
Sent: Wednesday, February 20, 2019 1:54 PM
To: FINtestimony
Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

To: House Committee on Finance
Date of hearing: February 20, 2019 at 4:00 PM
Location: Conference Room 308

Subject: In SUPPORT of HB 475 HD1 - Relating to Taxation of REITs

From: Aria Castilo
Email: ariajuliet@gmail.com
Will be attending the hearing: No

Dear Chairman Luke, Vice Chair Cullen, and members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 475 HD1. REITs operating in Hawai'i need to pay their fair share of state taxes.

As part of our community, they need to do their part in supporting our community. REITs already receive generous federal tax exemptions and benefit from Hawai'i's low property tax. They can operate and thrive in Hawai'i while still being a responsible community member and paying their share of the taxes needed build a strong Hawai'i for everyone.

Please pass HB 475 HD1 and eliminate the corporate income tax exemption on dividends paid out by REITs.