

STAND. COM. REP. NO. 2043

Honolulu, Hawaii

MAR 01 2024

RE: S.B. No. 2044
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2044, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE CONTROLLING INTEREST TRANSFER TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to facilitate the collection of conveyance-related taxes.

Specifically, the measure:

- (1) Establishes that the transfer of a controlling interest in an entity that owns real property in the State shall be subject to the conveyance tax established in Chapter 247, Hawaii Revised Statutes;
- (2) Requires an unspecified amount of revenue from taxes established under Chapter 247, Hawaii Revised Statutes, to be deposited into the dwelling unit revolving fund; and
- (3) Requires the Department of Taxation to adopt applicable administrative rules.

Your Committee received written comments in support of this measure from the Department of Land and Natural Resources, Office



of Planning and Sustainable Development, Hawaii Housing Finance and Development Corporation, Partners In Care, and two individuals.

Your Committee received written comments in opposition to this measure from the Grassroot Institute of Hawaii, NAIOP Hawaii, and Land Use Research Foundation of Hawaii.


Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee recognizes that current taxation law inadvertently allows parties, usually large investors, to avoid paying conveyance taxes by transferring real property through entity-level transactions. Your Committee finds it appropriate to close this legal loophole and deposit a portion of resulting tax revenues into the dwelling unit revolving fund, which is used to support state housing development programs and regional state infrastructure programs.

Your Committee has amended this measure by inserting a definition of the term "fair market value" into the relevant tax statute.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2044, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2044, S.D. 2.

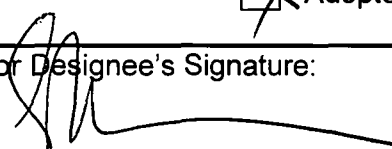
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2044 SD1	HOU, WAM	3/1/2024		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
SHIMABUKURO, Maile S.L.				X
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	12	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes