DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR

ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Aaron Ling Johanson, Chair;
The Honorable Lisa Kitagawa, Vice Chair;
and Members of the House Committee on Consumer Protection & Commerce

From: Isaac W. Choy, Director
Department of Taxation

Date: February 16, 2021
Time: 2:00 P.M.
Place: Via Video Conference, State Capitol

Re: H.B. 286, H.D. 1, Relating to Real Estate Investment Trusts

The Department of Taxation (Department) offers the following comments regarding H.B. 286, H.D. 1, for your consideration. H.D. 1 has a defective effective date of July 1, 2050.

H.B. 286, H.D. 1, authorizes the Department to require real estate investment trusts (REITs) to notify the Department of their operations in the state and to designate and properly complete their tax returns, including attaching the federal tax return to their state tax return. The bill imposes a $50.00 per day fine for noncompliance.

The Department notes that REITs are already required to designate themselves as REITs on their tax returns, to complete their tax returns as specified, and to include their federal returns with their state returns. However, the imposition of a fine adds another compliance tool the Department can use to ensure compliance. The requirement that REITs notify the Department of their operation in the state is likewise helpful in that it will put the Department on notice to expect a tax return from another a REIT.

Thank you for the opportunity to provide comments.

Douglas
Emmett

February 16, 2021

Representative Aaron Ling Johanson, Chair
Representative Lisa Kitagawa, Vice Chair
Committee on Consumer Protection & Commerce

RE: HB 286 HD1 - Relating to Real Estate Investment Trusts – Comments
Tuesday, February 16, 2021; 2:00 PM; Via Videoconference

Aloha Chair Johanson, Vice Chair Kitagawa and Members of the Committee:

Douglas Emmett appreciates this opportunity to offer comments on HB 286 HD1, which authorizes the department of taxation to require real estate investment trusts to notify the department of its presence within the State and to report the assets and revenues generated annually.

Douglas Emmett currently provides the information requested in HB 286 HD1 through income and tax returns filed annually with the State Department of Taxation. Schedule P of Form N-30 lists our assets and revenues. We also file GET taxes on a monthly (form G-45) and annual (form G-49) basis.

Thank you for the opportunity to provide comments on this measure.

Respectfully,

Kevin Crummy
Chief Investment Officer

Michele Aronson
Senior Vice President

Young Progressives Demanding Action
P.O. Box 11105
Honolulu, HI 96828

February 13, 2021

TO: HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
RE: Testimony in support of HB286, HD1, requesting substantive amendments

Dear Representatives,

Young Progressives Demanding Action (YPDA) supports HB286, HD1, but requests substantive amendments to not only require Real Estate Investment Trusts (REITs) to report their assets and revenues annually, but also to implement an actual state tax on REITs beginning 1/1/2022. We believe REITs should pay the same corporate tax rate on profits as other businesses in Hawaiʻi, over which REITs currently enjoy a tremendous unfair advantage.

With a proposal to tax REITs passing with unanimous support within the 2019 Hawaiʻi State Legislature, overwhelming support among the public, and a desperate need for state tax revenue to prevent dangerous austerity measures that would cripple our economy for years to come, there is no good reason to wait on a tax now. If the governor threatens to veto such a bill as he did in 2019, the legislature should make it crystal clear that it will reconvene to overturn such a veto.

REITs own an estimated $17 billion worth of Hawaiʻi real estate and earn about $1 billion in profits every year. Hawaiʻi REITs should be taxed, as is every other individual and corporation doing business in Hawaiʻi.

While Hawaiʻi has more land value tied up in REITs than any other state in the nation, relatively few Hawaiʻi residents own shares in REITs—we rank 40th in the nation for the number of REIT shareholders as a percentage of the population. As a result, not only is income produced on Hawaiʻi property leaving the state, but the income that is funneled out of the state is not getting taxed here either.

Good tax policy is a cornerstone of a just economic system. Good tax policy strengthens opportunity by letting working families keep more of what they earn, while asking the wealthy and corporations to pay their fair share. Why? Because when workers keep more earnings, they support our economy through spending. And when the wealthy and corporations pay their fair share for the use of the public goods and infrastructure that helped them succeed, they ensure that the next generation can succeed as well.

NOW IS A CRITICAL TIME FOR TAX FAIRNESS

The pandemic-recession caused by COVID-19 has dramatically impacted working families that earn low wages far more than it has impacted the wealthy and even the middle class.

That’s extremely bad for our economy because low-wage workers spend most of their earnings here in Hawaiʻi, powering the consumer spending we need to generate tax revenue through the General Excise Tax (GET). At the same time, high unemployment will reduce revenue from income taxes, and public health concerns have reduced revenue from the Transient Accommodations Tax (TAT). Without revenue from these taxes, our state government is facing a $2.3 billion deficit (through fiscal year 2023).

A deficit in the budget means social service contracts and programs could be cut, state workers could be furloughed and lose pay, or even be laid off, unless new revenue is raised to replace the lost revenue. And we must find new revenue, because cuts, furloughs and lay-offs will only serve to further reduce GET and income tax revenue, and further reduce consumer spending in our already-wounded economy. In fact, every dollar of reduced government spending results in as much as $1.50 in lost economic activity.

Fortunately, new revenue streams do exist. Loopholes can be closed. Federal trickle-down tax cuts for the wealthy and corporations can be negated at the state level. In fact, there are enough options available through tax restructuring alone to cover almost half of our entire projected deficit (while the rest could be covered through borrowing, or creating new taxes on products like legal cannabis).

Taken as a whole, these tax revenue generators would cover a significant portion of deficit, helping us to avoid costly cuts and furloughs that will only prolong and deepen the recession. And because none of these proposals are tailored toward low- or moderate-income earners, they actually increase economic power and opportunity for success. That’s what tax fairness is all about!

Mahalo for the opportunity to testify,

Will Caron
Board President & Secretary, 2020–2021
action@ypdahawaii.org

HB 286, HD 1, RELATING TO REAL ESTATE INVESTMENT TRUSTS

FEBRUARY 16, 2021 · HOUSE COMMERCE AND CONSUMER PROTECTION COMMITTEE · CHAIR REP. AARON LING JOHANSON

POSITION: Support.

RATIONALE: Imua Alliance supports HB 286, HD 1, relating to real estate investment trusts, which authorizes the Department of Taxation to require real estate investment trusts to notify the department of their presence within the state and report assets and revenues generated annually.

We hope that this measure will be a step toward the closure of our Hawai'i's REITs tax loophole. Under state taxation law, REITs 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 (if such income is subject to taxation in the states in which they reside, which it often is not). Thus, income generated from Hawai‘i properties is being taxed elsewhere, if at all, sending sorely needed revenue for public education, basic infrastructure, climate change mitigation and adaptation, human and social services, affordable housing, public health, and pandemic response outside of our shores during a time of economic crisis.

Over 30 REITs operate in our state, perhaps the most prominent of which is Alexander and Baldwin. REIT properties in the islands include Ala Moana Center, International Marketplace, and the Hilton and Hyatt Hotels. Notably, CoreCivic, formerly the corruption-plagued private prison firm Corrections Corporation of America, is also a REIT, making closure of the REITs loophole not just a matter of economic justice, but also a hallmark of our state's commitment to criminal justice reform.

Collectively, Hawai'i REITs own over $17 billion worth of real estate and produce $1.3 billion in dividend income that is exempt from the corporate income tax, which amounts to $40-$60 million per year in lost tax revenue–a number that will only increase over time, as real estate values continue to soar.

Kris Coffield · Executive Director, Imua Alliance · (808) 679-7454 · kris@imuaalliance.org

HB-286-HD-1
Submitted on: 2/14/2021 12:05:18 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John & Rita Shockley	FREE ACCESS COALITION	Support	No

Comments:

Aloha Representatives!

The Free Access Coalition favors the taxation of REITs. If we are to have equal responsibility for maintainence of government, Real Estate entities need to participate. The taxation load is more critical now with lack of revenue streams due to the Corona pandemic.

Let's be fair and share the tax responsibilites needed to maintain our state.

Mahalo for your time.

John & Rita Shockley. Free Access Coalition coordinators. www.freeaccesscoalition.weebly.com

The Thirty-First Legislature
Regular Session of 2021

THE HOUSE
Committee on Consumer Protection & Commerce
Rep. Aaron Ling Johanson, Chair
Rep. Lisa Kitagawa, Vice Chair
State Capitol, Videoconference
Tuesday, February 16, 2021; 2:00 p.m.

STATEMENTOF THE LWU LOCAL 142 ON H.B. 286, H.D.1
RELATING TO REAL ESTATE INVESTMENT TRUSTS

The ILWU Local 142 **supports** H.B. 286, H.D.1, which requires real estate investment trusts to notify the department of taxation of its presence within the State and to report the assets and revenues generated annually and imposes a daily monetary fine for noncompliance.

Businesses operating in Hawaii should pay their fair share of taxes – this includes real estate investment trusts (REITs). H.B. 286, H.D.1 will help the state determine the assets and revenue generated by REITs which will help ensure they are paying their fair share of taxes like other businesses operating in Hawaii do.

We recommend passage of H.B. 286, H.D.1. Thank you for the opportunity to testify.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Collect information from real estate investment trusts.

BILL NUMBER: HB 286, HD1

INTRODUCED BY: House Committee on Economic Development

EXECUTIVE SUMMARY: Requires real estate investment trusts to notify the department of taxation of its presence within the State and to report the assets and revenues generated annually. Imposes a daily monetary fine for noncompliance.

SYNOPSIS: Amends section 235-71, HRS, to provide that for taxable years beginning after 12/31/2020, a REIT shall:

(1) Notify the department, in the manner prescribed by the department, of its operation as a real estate investment trust in the State no later than ninety days from the first day of operation in the State; provided that for real estate investment trusts operating in the State as of July 1, 2021, the department shall be notified no later than October 31, 2021;

(2) Properly designate on its tax return that it is a real estate investment trust as required by the department;

(3) Complete its tax return in the specific manner required by the department, including following line-by-line instructions; and

(4) Submit a copy of the federal return covering the same period with each Hawaii return.

Provides that failure to comply with these requirements shall be assessed to the real estate investment trust at $50.00 per day.

EFFECTIVE DATE: 7/1/2050.

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 12/31/20, 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.

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.

In 2019, the Legislature passed but the Governor vetoed SB 301 (2019), which would have taken away the dividends paid deduction for REITs, making them taxable for state purposes like any other corporation.

Presently, the Department of Taxation does not have a separate form for REITs. REITs file a corporate income tax form, the N-30, for state purposes but report their dividend paid deduction on the return as a miscellaneous deduction. As a result, data on Hawaii REITs is not captured in the Department's computer system and is, therefore, largely based on guesswork. The current bill appears to be an attempt to capture more robust data on those REITs.

Digested 2/13/2021

February 15, 2021

Representative Aaron Ling Johanson, Chair
Representative Lisa Kitagawa, Vice Chair
House Committee on Consumer Protection and Commerce
Hawaii State Capitol
415 Beretania St.
Honolulu, HI 9813

RE: SIAH letter in opposition to HB 286 on proposed changes to Real Estate Investment Trusts ("REITs")

Dear Chair Johanson, Vice Chair Kitagawa and members of the House Committee on Consumer Protection and Commerce:

The Securities Industry Association of Hawaii (SIAH) was formed over 20 years ago to foster communication among Hawaii Securities firms, regulators, and the legislature. Our members represent the combined concerns of our hundreds of employees who serve thousands of Hawaii clients.

From our reading of the bill, it appears that there is a new proposed tax on the REIT's income even though current law, federal and state, allows that if the REIT distributes 90% of the income, there is no corporate tax. We are only aware of one state that taxes this income.

1. **Given the current economic conditions, we feel that assessing a new tax on properties that are already struggling here in Hawaii is not warranted.** Further, the people and organizations that own shares in these products are certainly already expecting a decline in income due to the crisis. Do we really want to take more from them?

2. **It is also a real possibility that REIT product originators will avoid Hawaii property as the income will be less due this tax.** And, those properties already in a REIT portfolio may be swapped out for those in other states.

3. **The vast majority of REIT shareholders are not rich.** They own shares as this is the most efficient way to invest in income producing real estate. As financial advisors, we would most likely have to recommend a REIT without Hawaii properties as more suitable for our clients.

We urge the committee to reject this bill. If it is really needed, we suggest that you follow the lead of the federal government and other states in the ensuing years.

The SIAH appreciates the opportunity to provide input on this bill. Please do not hesitate to contact me at 808-625-2596 with any questions.

Sincerely,

T Goodrum

Tony Goodrum
President.

HSTA
HAWAII STATE TEACHERS ASSOCIATION
Teaching Today for Hawaii's Tomorrow

1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: www.hsta.org

Corey Rosenlee
President

Osa Tui, Jr.
Vice President

Logan Okita
Secretary-Treasurer

Wilbert Holck
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

RE: HB 286, HD1 - RELATING TO TAXATION OF REAL ESTATE INVESTMENT TRUSTS

TUESDAY, FEBRUARY 16, 2021

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Johanson and Members of the Committee:

The Hawaii State Teachers Association **supports HB 286, HD1**, relating to taxation of real estate investment trusts, **with suggested amendments**. This bill requires real estate investment trusts to notify the department of taxation of its presence within the State and to report the assets and revenues generated annually. Imposes a daily monetary fine for noncompliance.

Although this is a start, to figure out what types of revenue the state could be collecting taxes on, if the law did not exempt REITS from tax collection, this bill doesn't go far enough, and needs to be amended to include the language needed from SB 2697 in 2020 REITS bill, which would change this bill to disallow dividends paid deduction for real estate investment trusts. The legislature already knows that real estate investment trusts in Hawaii own real estate assets of approximately $17,000,000,000, generating an annual income of $1,000,000,000, which, if taxed at the current corporate rate assessed to all other corporations, would generate Hawaii tax revenues of $65,000,000 per year. A 2016 analysis conducted by the department of business, economic development, and tourism concluded that the State had foregone about $36,000,000 in income tax revenues in 2014, and that the amount of real estate investment trust investments has risen substantially since then. So yes, as this bill stipulates, REITS should report their presence in the state as well as report their assets and revenues generated annually, but we also implore you to go further, to help the current deficit in the state budget, as the legislature sought to do last year.

Hawaii has some of the most highly coveted real estate in the nation not only due to its gorgeous scenery, appeal as a tourist destination, and status

as an urban hub in the middle of the pacific but also because it has <u>the lowest property tax rate in the nation</u>. These factors have led to an explosion in real estate development throughout the islands, including real estate owned by real estate investment trusts or REITs. In fact, REITs own approximately $17 billion worth of real estate in Hawai'i—more than any other state on a per capita basis. Meanwhile, Hawaii real estate values continue to skyrocket, making it harder and harder for Hawaii residents to afford living at home. Without a disincentive to investors and speculators, Hawaii will continue to experience an exponential increase in real estate property values and those barely making it in Hawaii will be even closer to homelessness.

Unlike corporate investors, investors in real estate investment trusts are exempt from paying corporate income tax on dividends. Thus, dividends from REITS are taxed only once at the shareholder level, and these taxes are paid in the form of income tax to the investor's home state. The implication of this is that while the state plays host to REITs, it receives virtually no taxes from REITs. Because Hawaii ranks 40th in the nation for the number of REIT shareholders as a percentage of the population, income taxes paid on dividends by shareholders are, for the most part, going out of state.

Decoupling Hawaii's income tax treatment of REITs from federal income tax treatment would generate $65 million in annual revenue which would take money made off of real estate investments in Hawaii and inject it back into the people of Hawaii. **In fact, this funding could be used to end Hawaii's teacher shortage crisis by providing a dedicated revenue stream to fund salary adjustments for veteran teachers and pay differentials for teachers in special education, Hawaiian language immersion, and hard-to-staff positions salary adjustments.**

The Hawaii State Teachers Association implores you to add language to this bill that would disallow dividends paid deduction for real estate investment trusts as this would provide a dedicated revenue stream to help end the teacher shortage crisis and make up for other losses in state revenue, and to provide a disincentive to the real estate investment and speculation driving up property values in our state we ask you to **support HB 286, w/amendments.**

Nareit Hawaii Real estate working for you®

WRITTEN TESTIMONY OF
GLADYS QUINTO MARRONE
EXECUTIVE DIRECTOR
NAREIT HAWAII
OFFERING COMMENTS ON H.B. 286 H.D. 1
BEFORE THE HAWAII HOUSE
COMMITTEE ON CONSUMER PROTECTION & COMMERCE

THE HONORABLE AARON LING JOHANSON, CHAIR
THE HONORABLE LISA KITAGAWA, VICE-CHAIR

HEARING ON H.B. 286 H.D. 1
FEBRUARY 16, 2021
2:00 P.M.
VIA VIDEOCONFERENCE – ROOM 329

1003 Bishop Street, Suite 2700
Honolulu, HI 96813
808-237-2474

nareithawaii.com

Nareit Hawaii Real estate working for you®

Dear Chair Johanson, Vice-Chair Kitagawa, and Members of the House Committee on Consumer Protection and Commerce:

On behalf of Nareit Hawaii, thank you for the opportunity to submit testimony on H.B. 286 H.D. 1, which would authorize the department of taxation to require REITs to notify the department of its presence within the State and to report the assets and revenues generated annually.

Nareit Hawaii offers the following **comments**:

1) While we do not oppose H.B. 286 H.D. 1, this bill is unnecessary as current statute already authorizes the department of taxation to require REITs to submit their federal tax returns. Both the 2019 and 2020 instructions for the Hawaii corporate income tax form (N-30) already provide: "If this return is for a real estate investment trust (REIT), check the appropriate box and attach federal Form 1120-REIT to this return.";
2) Should this Committee move forward with additional requirements to filing business-related income tax returns, we recommend the language also be applied to all business entities doing business in Hawaii;
3) We respectfully request that subsection (3) be deleted in its entirety due to its overly broad application; and
4) We offer one amendment:
    (1) Notify the department, in the manner prescribed by the department, of its operation as a real estate investment trust in the State with the first required filing with the department after the REIT begins operations in the State. ~~no later than ninety days from the first day of operation in the State provided that for real estate investment trusts operating in the State as of July 1, 2021, the department shall be notified no later than October 31, 2021;~~.

Nareit Hawaii and its REIT members are active, and have substantial long-term investments, in Hawaii, provide thousands of jobs and every day services, and are a significant part of Hawaii's economy. Nareit is the worldwide representative voice for REITs and publicly traded real estate companies with an interest in U.S. real estate and capital markets.

Thank you for the opportunity to submit our **comments** on H.B. 286 H.D. 1.

1003 Bishop Street, Suite 2700
Honolulu, HI 96813
808-237-2474

nareithawaii.com

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.

COMMENTS TO HB 286, HD1

BEFORE THE COMMITTEE ON ECONOMIC DEVELOPMENT

THE HONORABLE AARON LING JOHANSON, CHAIR

THE HONORABLE LISA KITAGAWA, VICE CHAIR

HEARING ON HB 286, HD1

February 15, 2021

On behalf of Park Hotels & Resorts Inc. ("Park"), thank you for this opportunity to provide our testimony and comments regarding HB 286, HD1.

HB 286, HD1

HB 286, HD1 would require real estate investment trusts ("REITs") operating in the state of Hawaii to notify the State of the REIT's existence, annually provide a copy of the REIT's federal return with the REIT's state tax return, and other unspecified information required by the Hawaii Department of Taxation, for taxable years beginning after Dec. 31, 2020.

The preamble to the legislation states the legislature finds that REITs play a significant role in Hawaii's economy. Further, it states that the State would benefit from the accurate collection of data about REITs economic activities and that the assets and revenues generated by REITs may have not been reported to and recorded accurately by the State. Finally, the legislature notes that there are no state tax forms specifically for REITs, nor are there any clear methods for REITs to annually report their statuses and deductions to the State.

While we agree that REITs play a significant role in Hawaii's economy, Park disagrees with the legislature's findings regarding designation of REIT status, or the accurate reporting of tax (economic) data to the State for the following reasons:

- All REITs are required by law to annually file Form N-30, State of Hawaii – Department of Taxation Corporation Income Tax Return,
- Form N-30 has a box designating the filing as "For a real estate investment trust (REIT)",
- The instructions to the Form N-30 requires a copy of the REIT's federal tax return to be attached (in fact Park attached a copy of its federal Form 1120-REIT to its 2019 Form N-30), and Form N-30 requires amounts to be reported from "comparable lines on federal return",
- Form N-30 is signed under the penalties set forth in section 236-36, HRS, as true, correct, and complete, and
- To the extent the State deems it appropriate to require additional information reporting related to businesses operating in the State, those requirements should apply to all businesses regardless of form.

Park Hotels & Resorts Inc.

Park is a publicly traded lodging REIT (NYSE:PK) that owns 60 premium branded hotels and resorts located in the United States and its territories. Included within Park's portfolio of hotels are (i) the iconic Hilton Hawaiian Village Waikiki Beach Resort ("Hilton Hawaiian Village") located along Oahu's prestigious Waikiki Beach, which is the State's largest hotel, and (ii) the Hilton Waikoloa Village located on the Kohala Coast of the Big Island of Hawai'i. Park, like most REITs, has a long-term investment focus and is committed to creating sustainable jobs and value at its properties. Current employee headcount at Park's hotels is more than 2,600.

Digest

The proposed legislation will not meaningfully increase the accuracy of or enhance the collection of data about REIT economic activities in general or within the state of Hawaii. The Hawaii Department of Taxation already obtains the data about REIT economic activities the legislature is seeking and the current tax reporting to the State by REITs is accurate as it is required to be true, correct, and complete.

Park has been a solid corporate citizen and partner to the state of Hawaii – paying significant tax, supporting significant employment and jobs in Hawai'i, and benefitting the community at-large. Park's REIT structure and hotel ownership benefits the State of Hawai'i and Kama'aina tremendously in a variety of economic and charitable and community ways. As a public company, Park ensures it is compliant and transparent in fulfilling its tax reporting requirements. We believe that HB 286's goals are already achieved and therefore this legislation is unnecessary.

We thank you again for this opportunity to provide testimony regarding HB 286, HD1 and sincerely hope you consider our submitted comments to this proposed legislation.

Respectfully submitted,

Scott Winer
Senior Vice President, Tax

HB-286-HD-1
Submitted on: 2/15/2021 12:06:44 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Laurie Field	Planned Parenthood Votes Northwest and Hawaii	Support	No

Comments:

Planned Parenthood Votes Northwest and Hawaii supports HB 286.

ALEXANDER & BALDWIN
PARTNERS FOR HAWAI'I

HB 286 HD1
RELATING TO REAL ESTATE INVESTMENT TRUSTS

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

FEBRUARY 16, 2021

Chair Johanson and Members of the House Committee on Consumer Protection & Commerce:

I am Paul Oshiro, offering comments on behalf of Alexander & Baldwin (A&B) on HB 286 HD1, "A BILL FOR AN ACT RELATING TO REAL ESTATE INVESTMENT TRUSTS."

While A&B has always been a Hawaii-based company, in 2012, A&B made a strategic decision to be 100% Hawaii-based and to migrate its mainland investments back to Hawaii. Since then, A&B has sold all of its mainland properties and has reinvested the proceeds 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, to better support our Hawaii-focused strategy and increase our ability to invest in Hawaii in an increasingly competitive environment, A&B made the decision to convert to a real estate investment trust (REIT). 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, with a management team that lives here and is

822 Bishop Street Honolulu, Hawai'i 96813 p (808) 525-6611 f (808) 525-6652 alexanderbaldwin.com

committed to Hawaii. 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 commitment to our communities.

In addition to selling all of our mainland properties and reinvesting the proceeds in Hawaii, A&B also brought all of its previously contracted out property management services and activities in house, which enables direct contact between A&B employee property managers and our tenants. This has been extremely helpful for both A&B and our tenants, especially during the COVID pandemic, as individualized discussions and initiatives to sustain and assist tenant businesses were identified and pursued. A&B will continue to closely work with our tenants to support their business operations as best we can both during the COVID pandemic, and beyond.

Real estate investment trusts were established by Congress in 1960 to enable all types 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. Other REITs provide financing for income-producing real estate by purchasing or originating mortgages and mortgage-backed securities, which provides liquidity for the real estate market.

In Hawaii, REIT investments help communities grow through the development of workforce rental housing, medical facilities, and shopping centers that enhance our quality of life. REITs own high-quality office, retail, and industrial space, which provide a favorable environment for numerous locally owned businesses to operate and grow. These REIT owned facilities also provide numerous employment opportunities and jobs for Hawaii's residents.

The purpose of this bill is to authorize the Department of Taxation to require REITs operating in Hawaii to notify the State of the REIT's presence and to annually provide information required by the Department of Taxation, including a copy of the REIT's federal return, with the REIT's state tax return. It is our understanding that the Department of Taxation presently has the general authority to prescribe forms and/or to require pertinent tax related information to be provided to the department. We respectfully defer to the legislature and the department on whether the specific codification in statute of this authority will enhance the department's ability to levy, assess, collect, receive, or enforce the payment of taxes.

Thank you for the opportunity to testify.

NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION
HAWAII CHAPTER

February 15, 2021

The Honorable Representative Aaron Ling Johanson, Chair
The Honorable Representative Lisa Kitagawa, Vice Chair
Committee on Consumer Protection & Commerce

RE: **HB 286 HD1 - Relating to Real Estate Investment Trusts**
Hearing date: Tuesday, February 16, 2021 at 2:00PM

Aloha Chair Johanson and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii to provide **COMMENTS** on HB 286, HD1. NAIOP Hawaii is the local 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. NAIOP Hawaii strongly supports the development of housing for Hawaii residents at all levels of income, especially affordable housing projects.

HB 286, HD1 requires real estate investment trusts to notify the Department of Taxation of its presence within the State and to report the assets and revenues generated annually. Further, the measure imposes a daily monetary fine for noncompliance.

As a practical matter, HB 286, HD1 is unnecessary. Currently, the instructions for the Hawaii Form N-30 already require a REIT that has an income tax filing obligation in Hawaii to include a copy of its Form 1120-REIT, which is the US federal income tax return filed by REITs. As such, this measure creates a requirement to provide documents that already need to be disclosed.

Mahalo for your consideration,

Catherine Camp, President
NAIOP Hawaii

9621371

FAITH ACTION FOR COMMUNITY EQUITY

House Committee on Consumer Protection and Commerce
February 16, 2021 at 2:00 p.m.
Videoconference and Conference Room 329

SUPPORTING HB 286 HD 1 WITH AN AMENDMENT

Faith Action for Community Equity supports HB 286 HD 1, with an amendment. The bill authorizes the Department of Taxation to require any real estate investment trust (REIT) to notify the Department of Taxation of its presence within the State and to report assets and revenues generated annually. <u>The bill should be amended to require REITs to report this information by changing the "may" on page 3, line 15, back to the original bill's "shall" .</u>

REITs play a significant role in Hawai'i's economy, yet the assets and revenues generated by them have not been reported to and recorded accurately by the State. Transparency on assets, revenues, deductions, tax status (among other factors) will be necessary to more accurately assess how much REITs affect our economy. REITs already report this same information to the IRS.

Hawai'i will likely face major budget shortfalls for the foreseeable future as the nation deals with the COVID-19 pandemic, high unemployment rates and an economic recession. Faith Action believes that deep government spending cuts would have a catastrophic effect on our already hurting economy and people. We need to ensure now, more than ever, that those in need continue receiving essential community services.

For the last several years, the taxation of REITs on their net income has been an ongoing problem. Each side presents different estimates of tax revenues that would be generated. Each side asserts that the other side relies on faulty figures. Lawmakers should set the record straight. This bill, as introduced, would require REITs submit information on their assets and revenues on an annual basis.

With that information the State will know exactly how much revenue is lost by keeping the REITs dividend paid deduction. During a time when we should be looking for every opportunity to close the deficit, accurate information around progressive tax options will be critical.

However, H.B. 286 H.D. 1 gives the Department of Taxation the option to avoid requiring REITs to submit information the State needs. Instead, the Legislature should compel REITs to provide the State the information necessary for accurate decision making — the very same information REITs provide the IRS.

For the foregoing reasons, Faith Action supports HB 286 HD1 with the proposed amendment.

Pono Hawai‘i Initiative

Monday, February 15, 2021

Relating to Real Estate Investment Trusts
Testifying in Support

Aloha Chair and members of the committee,

The Pono Hawai‘i Initiative (PHI) **supports HB286 HD1 Relating to Real Estate Investment Trusts.** This measure authorizes the Department of Taxation (DoTax) to require real estate Investment Trusts (REITs) to notify DoTax of its presence within the State and to report the assets and revenues generated annually.

Real Estate Investment Trusts (REITs) own an estimated $17 billion worth of Hawai‘i real estate and earn about $1 billion in profits every year. Hawai‘i REITs should be taxed, as is every other individual and corporation doing business in Hawai‘i.

For these reasons we urge the committee to **support HB286 HD1**.

Mahalo for the opportunity to testify,

Gary Hooser
Executive Director
Pono Hawai‘i Initiative

Hawaii
Children's Action Network Speaks!
Building a unified voice for Hawaii's children

Hawaiʻi Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: House Committee on Consumer Protection & Commerce

Re: **HB 286, HD1 - Relating to real estate investment trusts**
Hawaiʻi State Capitol, Room 329
February 16, 2021, 2:00 PM

Dear Chair Johanson, Vice Chair Kitagawa, and committee members,

On behalf of Hawaiʻi Children's Action Network Speaks!, I am writing in SUPPORT with AMENDMENTS of HB 286, HD1 - Relating to real estate investment trusts. This bill would authorize the department of taxation to require real estate investment trusts (REITs) to notify the department of its presence within the State and to report the assets and revenues generated annually.

As the state legislature is facing large budget shortfalls, it's important to keep in mind that government spending cuts would further harm our already injured economy, as well as hobble social services that have become more and more essential to Hawaiʻi's keiki and their families during this pandemic crisis.

That's why we support range of progressive tax options to close the deficit without slashing critical government spending. One of these policies is requiring REITs to pay tax on their income, as other corporations in Hawaiʻi are required to do. As so many of our working families struggle, it makes sense to ask REITs to pay their fair share.

REITs have a special tax loophole that exempts them from paying corporate income tax on the dividends paid to its shareholders, which comprise at least 90 percent of the income REITs generate. Hawaiʻi REITs' income should be taxed so they help support the communities in which they operate.

Every other individual and corporation doing business in Hawaiʻi is subject to state income tax. And even if the Hawaiʻi REITs tax loophole were closed, REITs would still receive the valuable federal tax break they currently have, and they would continue to benefit from Hawaiʻi's extraordinarily low property tax rate.

While Hawaiʻi has more land value tied up in REITs than any other state, relatively few Hawaiʻi residents own shares in REITs—we rank 40th in the nation for the number of REIT shareholders as a percentage of the population. As a result, not only is income produced on Hawaiʻi property leaving the state, but the income that is getting funneled out of the state is not getting taxed here either.

This bill provides a good start, but Hawaiʻi should go further and actually tax REITs' income, so **we respectfully request that HB 286, HD1 be amended to eliminate the REITs tax loophole, as HB 283 does**. Mahalo for the opportunity to provide this testimony. Please pass HB 286, HD1, with our suggested amendments.

Thank you,
Nicole Woo, Director, Research and Economic Policy

850 Richards Street, Suite 201 • Honolulu, HI 96813 • 808-531-5502
speaks.hawaii-can.org • speaks@hawaii-can.org

HB-286-HD-1
Submitted on: 2/15/2021 2:24:16 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jalem Correia	Faith Action	Support	No

Comments:

Aloha Chair, Vice Chair, and distinguished members of the committee,

I am in support of HB286. Mahalo for your time!

Best of health and many blessings,

Jalem

HAWAIʻI HEALTH
& HARM REDUCTION CENTER
The New Chapter for Life Foundation and The CHOW Project

TESTIMONY IN SUPPORT OF HB 286, HD 1

TO: Chair Johanson, Vice-Chair Kitagawa, & Committee Members

FROM: Nikos Leverenz
Grants, Development & Policy Manager

DATE: February 16, 2021 (2:00 PM)

Hawaiʻi Health & Harm Reduction Center (HHHRC) **supports** HB 286, HD 1, which authorizes the Department of Taxation to require real estate investment trusts (REITs) to notify the department of its presence within the State and to report the assets and revenues generated annually. However, **this bill should be modified to implement a tax on REITs**.

It is estimated that REIT investments in Hawaiʻi amount to $17 billion, generating an annual income of $1 billion. Subjecting REITs to corporate tax rates could generate an estimated $65 million per year in additional state revenues.

Forthcoming budget cuts will most deeply impact those of little or no economic means as well as those who require assistance to maintain their health and well-being. Governor Ige's budget notably includes a 64% reduction in AIDS services. This will force us and our allied organizations on the neighbor islands to dramatically reduce lifesaving and life-affirming care services to some of our state's most medically frail and otherwise vulnerable residents.

Hawaiʻi policymakers should look carefully at available avenues to increase tax revenues. While revenue increases will not entirely cover foreseeable budgetary shortfalls, they will help mitigate the ground-level impact of budget cuts on our state's most vulnerable and underserved populations.

*677 Ala Moana Blvd. Suite 226 * Honolulu, Hawaiʻi 96813*
www.hhhrc.org

Hawaiʻi should reasonably look to obtain more revenue from those who are able to provide more revenue, particularly during a prolonged economic downturn that has already seen a significant loss of employment, increased housing instability and food insecurity, and an increased exodus of residents unable to make ends meet.

HHHRC's mission is to reduce harm, promote health, create wellness, and fight stigma in Hawaiʻi and the Pacific. We work with many individuals who are impacted by poverty, housing instability, and other social determinants of health. Many have behavioral health problems, including those relating to substance use and underlying mental health conditions. Many of our clients and participants have been deeply impacted by trauma, including histories of physical, sexual, and psychological abuse.

Thank you for the opportunity to testify on this measure.

HB-286-HD-1
Submitted on: 2/15/2021 7:51:45 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Calvin Foo Pham	Church of the Crossroads	Support	No

Comments:

Church of the Crossroads supports this measure to increase transparency and accountability so that all businesses pay their fair share of taxes. Our community has far too many needs in the areas of housing affordability and cost-of-living to continue allowing REITs to not contribute to the state's budget so we can address our community's challenges. If you're willing to profit off the land and the people, then you need to pay your fair share.

HB-286-HD-1
Submitted on: 2/12/2021 2:29:33 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Christy MacPherson	Individual	Support	No

Comments:

I strongly support this bill. HB286 will finally lay a solid foundation to start holding REITs accountable by gathering *accurate* state data necessary to determine how much revenue Hawai`i is missing out on to help fill our huge budget puka.

HB-286-HD-1
Submitted on: 2/13/2021 11:35:38 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tony Radmilovich	Individual	Support	No

Comments:

Please amend the bill with tax on REIT profits without the delay. It si not OK that anybody can do bussines without paying anything in tax!

HB-286-HD-1
Submitted on: 2/13/2021 10:16:41 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Raelyn Reyno Yeomans	Individual	Support	No

Comments:

Strong support! REIT's own approximately 17 billion dollars worth of Hawai'i real estate and earn huge profits. These REIT's need to be taxed here!

Thank you-

Raelyn Reyno Yeomans

HB-286-HD-1
Submitted on: 2/14/2021 11:29:34 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Blair	Individual	Support	No

Comments:

Yes!

HB-286-HD-1
Submitted on: 2/14/2021 11:32:05 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sunny Savage	Individual	Support	No

Comments:

in strong support

HB-286-HD-1
Submitted on: 2/14/2021 11:56:07 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sherry Pollock	Individual	Support	No

Comments:

I see all these testimonies saying the REITs already file and pay taxes, but then I came upon the testimony from Imua Alliance that makes sense to me:

"We hope that this measure will be a step toward the closure of our Hawai'i'sREITs tax loophole.Under state taxation law, REITs 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 Hawaiʻi REITs don't live in the Aloha State, they pay income taxes in other locations(if such income is subject to taxation in the states in which they reside, which it often is not). Thus, income generated fromHawaiʻi propertiesis beingtaxed elsewhere, if at all, sending sorely needed revenuefor public education, basicinfrastructure, climate change mitigationand adaptation, human and social services, affordable housing, public health, and pandemic response outside of our shoresduring a time of economic crisis."

This makes sense! Please vote in favor of the people who live here, not the out-of-state and even out-of-country entities that hold so much or our precious aina!

Mahalo!

HB-286-HD-1
Submitted on: 2/14/2021 11:59:05 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Judith Perino	Individual	Support	No

Comments:

This is long overdue. Please support and pass this bill.

HB-286-HD-1

Submitted on: 2/14/2021 12:58:21 PM

Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Wendy Arbeit	Individual	Support	No

Comments:

REITS earn billions in profits every year and most of that goes out of our state. Keep that money local. Require them to report their assets and revenues and pay tax on them. To those who fear they'll give up and take their investments elsewhere, I say let them. When Ala Moana was locally owned, local shops could afford to open there and local people had the shops that suited their needs and at prices they could afford. Have REITs pay us taxes or let them move out. We benefit either way.

HB-286-HD-1
Submitted on: 2/14/2021 1:43:41 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Greg Puppione	Individual	Support	No

Comments:

The more transparency the better. We want companies investing in our community who are actually investing in our community, not just looking to make a profit off of us.

HB-286-HD-1
Submitted on: 2/14/2021 2:05:44 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Brandt	Individual	Support	No

Comments:

Support

HB-286-HD-1
Submitted on: 2/14/2021 3:06:00 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

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

Comments:

I am in support of requiring REITS to report their assets yearly and that those assets should be taxed like any other business.

HB-286-HD-1
Submitted on: 2/14/2021 3:28:24 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Shanna Dean	Individual	Support	No

Comments:

As I pay my tax, so should REIT's. Let's ensure that everyone is paying their fair share.

HB-286-HD-1
Submitted on: 2/14/2021 4:36:59 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon Rudolph	Individual	Support	No

Comments:

Strongly support!

HB-286-HD-1
Submitted on: 2/14/2021 7:15:44 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Elaine Wender	Individual	Support	No

Comments:

REITs should be taxed, as is every other individual and corporation doing business in Hawaiʻi.

HB-286-HD-1
Submitted on: 2/14/2021 8:26:02 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John Kawamoto	Individual	Support	No

Comments:

My name is John Kawamoto, and I support HB 286, which requires real estate investment trusts (REITs) to notify the Department of Taxation of its presence within the State and to report the assets and revenues generated annually.

REITs are a substantial part of Hawaii's economy. They report their assets and revenues to the IRS, but they don't report this information to the Hawaii Department of Taxation or any other State agency.

Bills have been introduced in the Legislature to apply Hawaii's corporate tax to REITs, but estimates of the tax revenue that would be generated differ greatly. This bill will aid in understanding the revenue the State would receive by applying its corporate tax to REITs.

The Covid-19 pandemic has had a devastating impact on Hawaii's economy and the State budget. Applying Hawaii's corporate tax to REITs may raise tens of millions of dollars, which would help reduce the deficits in the State budget.

Transparency is necessary for accountability. REITs should provide the State the same information it provides to the IRS.

HB-286-HD-1
Submitted on: 2/14/2021 9:19:51 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lois Crozer	Individual	Support	No

Comments:

REIT's should be taxed.

HB-286-HD-1
Submitted on: 2/14/2021 10:00:47 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
janice palma-glennie	Individual	Support	No

Comments:

aloha,

please support this no-brainer legislation which Rrequires Real Estate Investment Trusts (REITs) to report their assets and revenues annually. REITs own an estimated $17 billion worth of Hawai‘i real estate and earn about $1 billion in profits every year. these entities should be taxed as all individuals and corporations in business do.

mahalo,

janice palma-glennie

HB-286-HD-1
Submitted on: 2/14/2021 11:28:56 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan Ramos	Individual	Support	No

Comments:

Aloha,

While I actually support a stronger bill that would implement a tax on REITs, I strongly support HB286 as a good first step toward assessing (then properly and fairly taxing) these profitable and largely non-resident-owned trusts that currently siphon money out of Hawaiʻi.

Thank you,

Dylan Ramos

96816

HB-286-HD-1
Submitted on: 2/15/2021 7:02:10 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joan Gannon	Individual	Support	No

Comments:

Hi Joan Gannon here asking you to vote for HB286. This bill requires REITs to report assets and revenues annually. These should be taxed like every individual and corporation doing business in Hawaii. We need to level out who pays taxes so everyone pays their fare share.

Thank you

Joan Gannon

HB-286-HD-1
Submitted on: 2/15/2021 7:35:34 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michal Fentin Stover	Individual	Support	No

Comments:

I support HB286 HD1. REITs should be required to report their Hawai'i assets and revenues annually so they may be taxed like other businesses here. Thank you.

HB-286-HD-1
Submitted on: 2/15/2021 9:58:23 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Forest Frizzell	Individual	Support	No

Comments:

Aloha Committee,

I stand in full support of this bill.

Mahalo,

Forest

HB-286-HD-1
Submitted on: 2/15/2021 10:07:21 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Cassandra Chee	Individual	Support	No

Comments:

We need to have more transparency about the assets that REITs have. In light of such a large budget deficit, we need to ensure that everyone is paying what they are due.

HB-286-HD-1
Submitted on: 2/15/2021 10:12:52 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Rev. Mary Herbig	Individual	Support	No

Comments:

I support HB286. REITs play a significant role in Hawaii's economy, yet the assets and revenues generated by REITs have not been reported to and recorded accurately by the State. Transparency on assets, revenues, deductions, tax status, among other factors, will be necessary to more accurately asses how REITs affect our economy. We need more transparency!

HB-286-HD-1
Submitted on: 2/15/2021 10:25:52 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Marian Heidel	Individual	Support	No

Comments:

HB286 would require REITs to report their annual assets and revenues to the Department of Taxation. This bill does not actually tax REITs but it’s absolutely a necessary step. And I urge you to pass it. It is logical to keep track of who is doing business in Hawaii, especially if they profit greatly.

HB-286-HD-1
Submitted on: 2/15/2021 10:52:20 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Calvin Foo Pham	Individual	Support	No

Comments:

We need the transparency and accountability in reporting to determine whether REITs are going to give us significant revenue or not. No more excuses about how we don't have the data; if don't have the data, then get the data by passing this bill. We need to know if eliminating the dividends paid deduction will make things for equitable for our community. I pay my fair share of taxes, and so should the REITs. If REITs are mostly owned by Hawaiʻi residents, and therefore the deductations stay in our community, then great, but our community suffers from housing unaffordability while REITs generate revenue on precious real estate, benefiting non-residents. Get the data we need so we can make good decisions. It should be no problem to report this information is REITs have nothing to hide.

HB-286-HD-1
Submitted on: 2/15/2021 11:15:35 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara L. George	Individual	Support	No

Comments:

SUPPORT!! Close this loophole!

<u>HB-286-HD-1</u>
Submitted on: 2/15/2021 11:47:22 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael deYcaza	Individual	Support	No

Comments:

For their role in raising the cost of rental housing in an already overburdened state REITs should be taxed more than other corporations not less.

HB-286-HD-1
Submitted on: 2/15/2021 12:08:04 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Meredith Buck	Individual	Support	No

Comments:

I support HB286 and agree that Hawai'i REITS (which own an estimated $17b worth of Hawai'i real estate and earn about $1b in profits per year) should be taxed just like every other individual and corporation doing business in Hawai'i.

HB-286-HD-1
Submitted on: 2/15/2021 12:08:42 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Maki Morinoue	Individual	Support	No

Comments:

Aloha
I strongly support HB286.

As a local resident growing up here and now trying to find my own home I am seeing first hand the gross dysfunction of our government. During COVID19, people's home values are going up $100k within a few months. Non Hawai'i residents are buying home sites unseen for $800k to $15,000,000 dollars. Many pay in cash making it difficult for locals like myself who are eligible for a large loan to purchase anything. Many of the homes I have viewed, the owners don't even live in Hawaii! They have no loayalty to sell to a local, they only want the highest bidder.

While the working class grossly lack affordable housing, pushing out our younger generation to move out of Hawaii, not to return. We have too many wealthy retired people here from the mainland using up our medical system, leaving our kupunas with nothing they could ever afford and stressing the family both financially and economically.

Hawaiʻi REITs should be taxed**,** as is EVERY OTHER INDIVIDUAL and CORPORATION doing business in Hawaiʻi.

Thank you

Maki

HB-286-HD-1
Submitted on: 2/15/2021 12:35:35 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Daniela Minerbi	Individual	Support	No

Comments:

I firmly support HB286 ,

thank you for this opportunity to testify,

Daniela Minerbi

HB-286-HD-1
Submitted on: 2/15/2021 1:45:55 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Setsuko Morinoue	Individual	Support	No

Comments:

Aloha
I strongly support HB286.

As a local resident growing up here and now trying to find my own home I am seeing first hand the gross dysfunction of our government. During COVID19, people's home values are going up $100k within a few months. Non Hawai'i residents are buying home sites unseen for $800k to $15,000,000 dollars. Many pay in cash making it difficult for locals like myself who are eligible for a large loan to purchase anything. Many of the homes I have viewed, the owners don't even live in Hawaii! They have no loyalty to sell to a local, they only want the highest bidder.

While the working class grossly lack affordable housing, pushing out our younger generation to move out of Hawaii, not to return. We have too many wealthy retired people here from the mainland using up our medical system, leaving our kupunas with nothing they could ever afford and stressing the family both financially and economically.

Hawaiʻi REITs should be taxed**,** as is EVERY OTHER INDIVIDUAL and CORPORATION doing business in Hawaiʻi.

Thank you

Setsuko Morinoue

HB-286-HD-1
Submitted on: 2/15/2021 1:55:50 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Eileen K Nanni	Individual	Support	No

Comments:

Aloha,

I strongly support HB286.

As a local resident growing up here and now trying to find my own home I am seeing first hand the gross dysfunction of our government. During COVID19, people's home values are going up $100k within a few months. Non Hawai'i residents are buying home sites unseen for $800k to $15,000,000 dollars. Many pay in cash making it difficult for locals like myself who are eligible for a large loan to purchase anything. Many of the homes I have viewed, the owners don't even live in Hawaii! They have no loyalty to sell to a local, they only want the highest bidder.

While the working class grossly lack affordable housing, pushing out our younger generation to move out of Hawaii, not to return. We have too many wealthy retired people here from the mainland using up our medical system, leaving our kupunas with nothing they could ever afford and stressing the family both financially and economically.

Hawaiʻi REITs should be taxed**,** as is EVERY OTHER INDIVIDUAL and CORPORATION doing business in Hawaiʻi.

Thank you

Eileen Kiyoko Nanni

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-286-HD-1
Submitted on: 2/15/2021 4:31:03 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Tillotson	Individual	Support	No

Comments:

Aloha,

I support HB286. Last year, the legislature correctly passed legislation mandating that REIT's pay their fair share of taxes. The governor vetoed the bill, but now with the Covid-19 pandemic devestating our economy and greatly reducing state revenues, it is even more important that REIT's be taxed, fairly, like everyone else who benefits from doing business in the islands.

This bill should provide the information you need to pass REIT taxation legislation with a veto-proof majority.

Thank you for your consideration and mahalo for your service.

Richard Tillotson

HB-286-HD-1
Submitted on: 2/15/2021 7:15:47 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Alani Bagcal	Individual	Support	No

Comments:

Representative Aaron Johanson, Chair

Representative Lisa Kitagawa, Vice-Chair

House Committee on Consumer Protection and Commerce

Dear Chair Johanson, Vice-Chair Kitagawa, and esteemed members of the committee,

My name is Alani Bagcal and I am writing today in strong support for HB 286. It is vital to enact tax fairness in Hawaiʻi.

Thank you for the opportunity to testify in support of this bill.

Alani Bagcal

96815

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-286-HD-1
Submitted on: 2/15/2021 9:41:34 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
kelii ho	Individual	Support	No

Comments:

I support this bill for my keiki's future.

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-286-HD-1
Submitted on: 2/15/2021 10:13:30 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Fern Anuenue Holland	Individual	Support	No

Comments:

Mahalo Representatives for hearing this measure. My ‘ohana and I support HB286. Mahalo!

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-286-HD-1
Submitted on: 2/15/2021 10:40:40 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Evelyn Aczon Hao	Individual	Support	No

Comments:

Please pass HB286 HD1.

It calls for openness and completeness of the financial reports of REITs. REITs profit greatly from owning highly valuable Hawaii property and also from using other infrastructure services which are supported by the residents of Hawaii . Citizens need to know which businesses are REITs. We also need to know exactly what their assets, revenues, deductions, tax status, etc. are.

I and many citizens look forward to knowing this information and depend on you, our leaders, to make this transparency possible.

Thank you.

HB-286-HD-1
Submitted on: 2/16/2021 9:35:48 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Erin ODonnell	Individual	Support	No

Comments:

Aloha,

I support this HB286 as since Real Estate Investment Trusts (REITs) own an estimated $17 billion worth of Hawaiʻi real estate and earn about $1 billion in profits every year. Hawaiʻi REITs should be taxed, as is every other individual and corporation doing business in Hawaiʻi. While Hawaiʻi has more land value tied up in REITs than any other state in the nation, relatively few Hawaiʻi residents own shares in REITs—we rank 40th in the nation for the number of REIT shareholders as a percentage of the population. As a result, not only is income produced on Hawaiʻi property leaving the state, but the income that is funneled out of the state is not getting taxed here either.

While those of us who are from this place are struggling to stay here in the homeland of our kanaka ancestors, those from outside who are wealthy continue to make more money and are not contributing to the well-being of our home. This tax could help with much needed programs, instead of those with REIT making only for themselves, a portion of those funds should be going to the state for the benefit of all.

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-286-HD-1
Submitted on: 2/16/2021 11:10:05 AM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Erik Horn	Individual	Support	No

Comments:

Late chime-in as a voter in support of this bill.

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-286-HD-1
Submitted on: 2/16/2021 10:09:42 PM
Testimony for CPC on 2/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Janet Gillmar	Individual	Support	No

Comments:

Aloha,

Taxing Real Estate Investment Trusts in the states where they do business is long overdue. After research on this issue 2 years ago, and seeing the history of how REITS are not treated like other businesses, I came to that conclusion. New Hampshire had already started taxing REITS, and other states were considering it. Hawaii's attraction for real estate development seems strong enough to weather the imposition of a tax on the money and assets they gain doing business her.

Thank you for considering my view.

Janet Thebaud Gillmar, Palolo Valley, Honolulu