

STAND. COM. REP. NO. 824-06

Honolulu, Hawaii
March 3, 2006

RE: H.B. No. 1800
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1800 entitled:

"A BILL FOR AN ACT RELATING TO SALE OF REAL PROPERTY,"

begs leave to report as follows:

The purpose of this bill is to address the issue of speculative real estate sales in Hawaii by increasing the tax on the sale of real property in Hawaii by a non-resident seller.

A concerned individual testified in support of this bill. The Hawaii Association of Realtors, Pahio Resorts, Inc., Fairfield Resorts, Inc., and Cendant Timeshare Resort Group opposed this measure. The Department of Taxation, ARDA-Hawaii, and The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Changing the percentage of the tax increase on the amount realized on the disposition of real property by a non-resident seller from twenty percent to eight and one-quarter percent;
- (2) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

HB1800 HD1 HSCR FIN HMS 2006-2522



As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1800, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1800, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



DWIGHT TAKAMINE, Chair



