STAND. COM. REP. NO. **2506**

Honolulu, Hawaii

FCB 17, 2006

RE: S.B. No. 2076

S.D. 1

Honorable Robert Bunda President of the Senate Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing, to which was referred S.B. No. 2076 entitled:

"A BILL FOR AN ACT RELATING TO LEASEHOLD CONVERSION,"

begs leave to report as follows:

The purpose of this measure is to allow, for a limited time, a fee owner to exclude from taxable income one hundred percent of capital gains realized from the sale of a leased fee interest in a residential house lot or multi-family residential leasehold property to a lessee, condominium association, or cooperative.

Testimony in support of this measure was submitted by Hawaii Council of Associations of Apartment Owners, Hawaii Independent Condominium and Cooperative Owners, Hawaii Chapter Community Associations Institute, Hawaii Association of Realtors, and one individual. No testimony in opposition to this measure was submitted. Comments were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that this measure brings an incentivebased approach to the leasehold conversion process.

Your Committee further finds that the terms "multi-family residential leasehold property" and "multi-family residential leasehold unit" should include planned unit developments as defined in section 421J-2, Hawaii Revised Statutes, and has amended the measure to incorporate planned unit developments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2076, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2076, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Commerce, Consumer Protection, and Housing,

RON MENOR. Chair

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Commerce, Consumer Protection and Housing (Bills and Resolutions)

Measure:*	Committee Re		Date:			
5132076	CPt	+ WA	n	2-16-06	,	
The committee is reconsidering its previous decision on this measure.						
If so, then the previous decision was to:						
The Recommendation is to:						
Pass, unamended [(2312)				Hold Recommit (2310) (2313)		
Members		Ayes	Ayes(WR)	Nays	Excused	
MENOR, Ron (C)						
BAKER, Rosalyn H. (VC)						
ESPERO, Will C.						
IGE, David Y.						
SAKAMOTO, Norman			-			
HOGUE, Bob		V				
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TOTAL		5	_		1	
Recommendation:						
Adopted Not Adopted						
Chair's or Designee's Signature:						
Result of Bah						
Distribution: 0 Original Yellow Pink Goldenrod						
File with Committee Report Clerk's Office Drafting Agency Committee File Copy						

^{*}Do <u>not</u> list more than one measure per Record of Votes.