STAND. COM. REP. NO. 2103

Honolulu, Hawaii FEB - 9 2010

S.B. No. 2887 RE: S.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2887 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to streamline the process by which nonresident property owners pay taxes upon transfers of property located within the State.

Your Committee received testimony in support of this measure from American Resort Development Association-Hawaii, Marriott Vacation Club International, Inc., and Starwood Vacation Ownership. Testimony with comments was received from the Department of Taxation and Tax Foundation of Hawaii. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure balances the needs of the State to effectively and efficiently operate its tax collections with the interest of a property owner in efficiently completing real estate transactions where no tax is owed, such as the sale of property at a loss in a foreclosure process. Your Committee further finds that this measure serves the goal of fair and efficient administration of the State's tax laws by providing that an individual's liability for failure to file upon the transfer of real property shall not exceed the amount of tax actually owed. Your Committee notes that this provision preserves



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the State's right to collect any applicable penalties and interest.

Your Committee has amended this measure by:

- Clarifying that a transferee that acquires a deed in lieu of foreclosing on the property shall furnish an affidavit stating so to the Department of Taxation;
- (2) Adding a new provision that creates a de minimus exception to tax liability for a time share that does not exceed \$100,000 in value; and
- (3) Making nonsubstantive technical changes for the purposes of clarity and accuracy.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2887, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2887, 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 and Consumer Protection,

ROSALYN H. BAKER, Chair



The Senate Twenty-Fifth Legislature State of Hawaii

Record of Votes Committee on Commerce and Consumer Protection CPN

Bill / Resolution No.:*	Committee Referral: CPN, WAM			Date: 02/05/10		
The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:						
The Recommendation is:						
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313						
Members		Aye	Aye (WI	R)	Nay	Excused
BAKER, Rosalyn H. (C)						
IGE, David Y. (VC)						
ESPERO, Will		\checkmark				-
GREEN, M.D., Josh						
IHARA, Jr., Les			-			
SAKAMOTO, Norman	Ż.					
HEMMINGS, Fred			-			100 File (1996)
TOTAL		6		1	0	l de service
Recommendation:						
Chair's or Designee's Signature: Amd Maye						
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy						

*Only one measure per Record of Votes