

Honolulu, Hawaii

MAY 01 2015

RE: S.B. No. 118
S.D. 1
H.D. 2
C.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 118, S.D. 1, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO REAL ESTATE INVESTMENT TRUSTS,"
having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to clarify the law regarding the dividends paid income tax deduction for real estate investment trusts.

More specifically, this measure:

- (1) Requires a real estate investment trust to make an affirmative election to be taxed as a real estate investment trust and provide certain information required by the Department of Business, Economic Development, and



Tourism for the purposes of producing any report mandated by the Legislature; and

- (2) Requires and appropriates moneys for the Department of Business, Economic Development, and Tourism to study the impact of real estate investment trusts in Hawaii and the possible effect of repealing the dividends paid deduction for real estate investment trusts.

Your Committee on Conference finds that the tax treatment of income generated by real estate investment trusts is controversial. Your Committee on Conference presently lacks sufficient information on the economic impact of real estate investment trusts in Hawaii or tax revenues generated or avoided by these trusts to determine whether and how to amend the tax laws that apply to them. Accordingly, your Committee on Conference believes that a comprehensive study on the impact of real estate investment trusts in Hawaii is necessary before taking action on a measure that may have substantial impacts on Hawaii's economy.

Your Committee on Conference has amended this measure by:

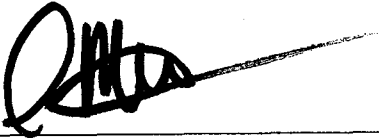
- (1) Deleting the requirement that a real estate investment trust make an affirmative election to be taxed as a real estate investment trust and provide certain information required by the Department of Business, Economic Development, and Tourism for the purposes of producing any report mandated by the Legislature;
- (2) Changing the appropriation amount from an unspecified sum to \$100,000; and
- (3) Changing the effective date from July 1, 2030, to effective upon approval, except for the appropriation section, which takes effect on July 1, 2015.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 118, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 118, S.D. 1, H.D. 2, C.D. 1.



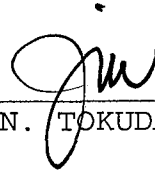
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE



ANGUS L.K. MCKELVEY, Co-Chair

ON THE PART OF THE SENATE



JILL N. TOKUDA, Chair



JOY A. SAN BUENAVENTURA,
Co-Chair



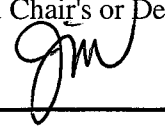
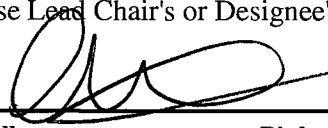
AARON LING JOHANSON, Co-Chair



Hawaii State Legislature

CCR 83

Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: SB 118, SD 1, HD 2					Date/Time: 4/30/15 @ 1:53pm				
☒ The recommendation of the House and Senate managers is to pass with amendments (CD).									
☐ The Committee is reconsidering its previous decision.									
☐ The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					☐ The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
TOKUDA, Jill N., Chr.	✓				MCKELVEY, Angus L.K., Co-Chr.	✓			
DELA CRUZ, Donovan M.	✓				SAN BUENAVENTURA, Joy A., Co-Chr.				✓
ENGLISH, J. Kalani	✓				JOHANSON, Aaron Ling, Co-Chr.	✓			
					HASHEM, Mark J.	✓			
					MCDERMOTT, Bob				✓
TOTAL	3				TOTAL	3			2
A = Aye WR = Aye with Reservations N = Nay E = Excused									
Senate Recommendation is: ☒ Adopted ☐ Not Adopted					House Recommendation is: ☒ Adopted ☐ Not Adopted				
Senate Lead Chair's or Designee's Signature: 					House Lead Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Conference Committee Report House Clerk's Office Senate Clerk's Office Drafting Agency									