

STAND. COM. REP. NO.

1144

Honolulu, Hawaii

March 27, 2015

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

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

Sir:

Your Committees on Consumer Protection & Commerce and  
Judiciary, to which was referred S.B. No. 118, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO REAL ESTATE INVESTMENT  
TRUSTS,"

beg leave to report as follows:

The purpose of this measure is to require, and appropriate  
funds for, the Department of Business, Economic Development, and  
Tourism, with the assistance of the Department of Taxation, to  
study the impact of real estate investment trusts in Hawaii and  
the possible effect of repealing the dividends paid income tax  
deduction for real estate investment trusts.

The Kobayashi Development Group; MacNaughton Group; Land Use  
Research Foundation; General Growth Properties; Taubman Centers;  
Retail Merchants of Hawaii; Hawaii State Teachers Association; and  
ILWU Local 142 testified in support of this measure. The Shidler  
Group, CNL Lifestyle Properties, Inc.; Hawaiian Dredging  
Construction Company, Inc.; Public Storage; and Hawaii Council on  
Revenues testified in opposition to this measure. The Department  
of Taxation; Department of Business, Economic Development, and  
Tourism; National Association of Real Estate Investment Trusts;  
Tax Foundation of Hawaii; and American Assets Trust provided  
comments on this measure.

SB118 HD1 HSCR CPC-JUD HMS 2015-2729



Your Committees have amended this measure by:

- (1) Requiring that a real estate investment trust make an affirmative election to be taxed as a real estate investment trust and provide certain data as may be required by the Department of Business, Economic Development, and Tourism for any report mandated by the Legislature;
- (2) Allowing the Department of Taxation to share the name and taxpayer identification number of a taxpayer who has elected to be taxed as a real estate investment trust with the Department of Business, Economic Development, and Tourism; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 118, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 118, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committees on Consumer  
Protection & Commerce and  
Judiciary,



KARL RHOADS, Chair



ANGUS L.K. MCKELVEY, Chair





