

Honolulu, Hawaii

March 2, 2018

RE: H.B. No. 2702  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2702 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to ensure that real estate investments trusts (REIT) and their shareholders file appropriate tax returns for net income received that is attributable to the State. Specifically, this measure:

- (1) Requires REITs to file returns reporting their shareholders' pro rata shares of net income and net income attributable to the State;
- (2) Provides for composite returns by the REIT; and
- (3) Requires withholding for those shareholders who do not agree to file returns or pay tax on their pro rata share of net income attributable to the State.

Pono Hawai'i Initiative, The CHOW Project, Hawaii Appleseed Center for Law and Economic Justice, Hawai'i Alliance for Progressive Action, Community Alliance on Prisons, and several concerned individuals supported this measure. The Hawaii Regional Council of Carpenters, Land Use Research Foundation of Hawaii,

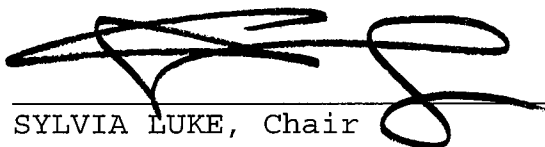


Public Storage, GGP Inc., Park Hotels and Resorts Inc., American Assets Trust, Alexander and Baldwin, and Shidler Pacific Advisors, LLC opposed this measure. The Department of Taxation, Douglas Emmett Inc., Tax Foundation of Hawaii, and Nareit provided comments.

Your Committee has amended this measure by changing the effective date to July 1, 2030, to encourage further discussion.

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. 2702, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2702, H.D. 1, and be placed on the calendar for Third Reading.

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

  
\_\_\_\_\_  
SYLVIA LUKE, Chair



Record of Votes of the Committee on Finance

Bill/Resolution No.: <b>HB 2702</b>	Committee Referral: <b>FIN</b>	Date: <b>2/8/18</b>																																																																																																																																															
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.																																																																																																																																																	
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)																																																																																																																																																	
<table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:60%; text-align: center;">FIN Members</th> <th style="width:10%; text-align: center;">Ayes</th> <th style="width:15%; text-align: center;">Ayes (WR)</th> <th style="width:10%; text-align: center;">Nays</th> <th style="width:5%; text-align: center;">Excused</th> </tr> </thead> <tbody> <tr><td>1. LUKE, Sylvia (C)</td><td style="text-align: center;">✓</td><td></td><td></td><td></td></tr> <tr><td>2. CULLEN, Ty J.K. (VC)</td><td style="text-align: center;">✓</td><td></td><td></td><td></td></tr> <tr><td>3. CACHOLA, Romy M.</td><td style="text-align: center;">✓</td><td></td><td></td><td></td></tr> <tr><td>4. DeCOITE, Lynn</td><td></td><td style="text-align: center;">✓</td><td></td><td></td></tr> <tr><td>5. FUKUMOTO, Beth</td><td style="text-align: center;">✓</td><td></td><td></td><td></td></tr> <tr><td>6. GATES, Cedric Asuega</td><td></td><td></td><td></td><td style="text-align: center;">✓</td></tr> <tr><td>7. HOLT, Daniel</td><td></td><td></td><td></td><td style="text-align: center;">✓</td></tr> <tr><td>8. KEOHOKALOLE, Jarrett</td><td style="text-align: center;">✓</td><td></td><td></td><td></td></tr> <tr><td>9. KOBAYASHI, Bertrand</td><td style="text-align: center;">✓</td><td></td><td></td><td></td></tr> <tr><td>10. LOWEN, Nicole E.</td><td style="text-align: center;">✓</td><td></td><td></td><td></td></tr> <tr><td>11. NAKAMURA, Nadine K.</td><td></td><td style="text-align: center;">✓</td><td></td><td></td></tr> <tr><td>12. TODD, Chris</td><td style="text-align: center;">✓</td><td></td><td></td><td></td></tr> <tr><td>13. YAMASHITA, Kyle T.</td><td style="text-align: center;">✓</td><td></td><td></td><td></td></tr> <tr><td>14. TUPOLA, Andria P.L.</td><td></td><td></td><td></td><td style="text-align: center;">✓</td></tr> <tr><td>15. WARD, Gene</td><td></td><td style="text-align: center;">✓</td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr><td> </td><td></td><td></td><td></td><td></td></tr> <tr> <td style="text-align: center;">TOTAL (15)</td> <td style="text-align: center;">9</td> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> <td style="text-align: center;">3</td> </tr> </tbody> </table>	FIN Members	Ayes	Ayes (WR)	Nays	Excused	1. LUKE, Sylvia (C)	✓				2. CULLEN, Ty J.K. (VC)	✓				3. CACHOLA, Romy M.	✓				4. DeCOITE, Lynn		✓			5. FUKUMOTO, Beth	✓				6. GATES, Cedric Asuega				✓	7. HOLT, Daniel				✓	8. KEOHOKALOLE, Jarrett	✓				9. KOBAYASHI, Bertrand	✓				10. LOWEN, Nicole E.	✓				11. NAKAMURA, Nadine K.		✓			12. TODD, Chris	✓				13. YAMASHITA, Kyle T.	✓				14. TUPOLA, Andria P.L.				✓	15. WARD, Gene		✓																																																															TOTAL (15)	9	3	0	3
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