

STAND. COM. REP. NO. 577

Honolulu, Hawaii

Feb 16, 2007

RE: H.B. No. 1002
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Human Services & Housing, to which was referred H.B. No. 1002 entitled:

"A BILL FOR AN ACT RELATING TO INCOME TAX,"

begs leave to report as follows:

The purpose of this bill is to reduce speculation and increase affordable housing by establishing an anti-speculation capital gains tax, to be deposited into the Rental Housing Trust Fund.

A concerned individual testified in support of this bill. The Hawaii Association of REALTORS opposed this measure. The Department of Taxation (DOTAX) provided comments.

Your Committee has amended this bill by:

- (1) Requiring the realized funds to be deposited into an escrow account to be transferred to DOTAX;
- (2) Exempting from the tax certain properties that were sold under extenuating circumstances or that were involuntarily converted, properties that qualify for a county homeowners exemption, and properties sold by certain military personnel;
- (3) Applying this measure to sales or exchanges of property occurring on or after January 1, 2008; and

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- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services & Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1002, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1002, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Human Services &
Housing,



MAILE SHIMABUKURO, Chair



