

Honolulu, Hawaii
FEB 07 , 2024

RE: H.B. No. 1918
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Water & Land, to which was referred H.B. No. 1918 entitled:

"A BILL FOR AN ACT RELATING TO HISTORIC PRESERVATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Extend the sunset date for the historic preservation tax credit to December 31, 2030; and
- (2) Incrementally increase the cap on the total tax credits from \$1,500,000 in the 2025 taxable year to \$4,000,000 in the 2030 taxable year.

Your Committee received testimony in support of this measure from Department of Land and Natural Resources and Historic Hawai'i Foundation. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that extending and increasing the tax credit cap will allow property owners with historic residential properties to purchase and stay in their homes while at the same time help commercial property owners to rehabilitate and adaptively reuse underutilized commercial properties.



Your Committee has amended this measure by:

- (1) Changing the maximum aggregate amounts of the historic preservation tax credit for future taxable years to unspecified amounts;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider:

- (1) The following amounts for the maximum aggregate amounts for future taxable years:
 - (A) For the 2025 taxable year: \$1,500,000;
 - (B) For the 2026 taxable year: \$2,000,000;
 - (C) For the 2027 taxable year: \$2,500,000;
 - (D) For the 2028 taxable year: \$3,000,000;
 - (E) For the 2029 taxable year: \$3,500,000; and
 - (F) For the 2030 taxable year: \$4,000,000; and
- (2) With regard to the existing provision in the historic preservation tax credit that specifies that:
 - (A) The cost be computed at the entity level; and
 - (B) The distribution and share be determined pursuant to section 704(b) of the Internal Revenue Code,

whether that provision should be repealed to improve the applicability of the tax credit to certain housing projects.

As affirmed by the record of votes of the members of your Committee on Water & Land that is attached to this report, your



Committee is in accord with the intent and purpose of H.B. No. 1918, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1918, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committee on Water & Land,


LINDA ICHIYAMA, Chair



Record of Votes of the Committee on Water & Land

Bill/Resolution No.: HB1918	Committee Referral: WAL, UHA, FIN	Date: 01/30/24		
<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)				
WAL Members	Ayes	Ayes (WR)	Nays	Excused
1. ICHIYAMA, Linda (C)	✓			
2. POEPOE, Mahina (VC)	✓			
3. CHUN, Cory M.	✓			
4. GANADEN, Sonny	✓			
5. HASHEM, Mark J.	✓			
6. MIZUNO, May Besario	✓			
7. MORIKAWA, Dee	✓			
8. TAKAYAMA, Gregg	✓			
9. SOUZA, Kanani	✓			
TOTAL (9)	9			
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align:center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				