STAND. COM. REP. NO. 2299

Honolulu, Hawaii

FOB 17

, 2006

RE:

S.B. No. 3048

S.D. 1

Honorable Robert Bunda President of the Senate Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing, to which was referred S.B. No. 3048 entitled:

"A BILL FOR AN ACT RELATING TO STATE MORTGAGE CREDIT CERTIFICATES,"

begs leave to report as follows:

The purpose of this measure is to assist low and moderate income persons in purchasing a principal residence by providing qualified buyers with a state income tax credit up to or equal to twenty percent of the annual mortgage interest payment.

Testimony in support of the measure was submitted by UniDev LLC. The Department of Taxation opposed the measure. Tax Foundation of Hawaii submitted comments.

Your Committee finds that there are conflicting viewpoints regarding this measure. There is a federal mortgage credit certificate program available, but it is not well publicized. A corresponding state program would allow the State to set the parameters for eligibility and target the tax credits for greatest effect on potential Hawaii homeowners, and would be a more efficient use of scarce state funds than downpayment assistance. On the other hand, a state mortgage credit certificate program would be complicated and perhaps unrealistic, and would provide a double tax benefit, given that federal and state tax laws currently provide tax relief for home ownership.

Your Committee has amended this measure by amending the effective date to July 1, 2050, for purposes of continued discussion.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3048, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3048, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Commerce, Consumer Protection, and Housing,

RON MENOR, Chair

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Commerce, Consumer Protection and Housing (Bills and Resolutions)

SB 3048 CP+	eterral: H, WA	Date:	2-14	-06
The committee is reconsidering its previous decision on this measure.				
If so, then the previous decision was to:				
The Recommendation is to:				
(2312) (23-	Pass, with amendments Hold Recommit (2311) (2310) (2313)			
Members	Ayes	Ayes(WR)	Nays	Excused
MENOR, Ron (C)	V		ļ	ļ
BAKER, Rosalyn H. (VC)			· .	
ESPERO, Will C.		<u> </u>		
IGE, David Y.			<u> </u>	
SAKAMOTO, Norman				
HOGUE, Bob				
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TOTAL	5			1
Recommendation:		·	_	
Adopted			lot Adopted	
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

^{*}Do not list more than one measure per Record of Votes.