STAND. COM. REP. NO. 1272

Honolulu, Hawaii

March 16, 2007

RE: S.B. No. 1962

S.D. 2 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 S.B. No. 1962, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to increase fire safety by providing a tax deduction to owner-occupants for the installation of an automatic fire sprinkler system in a residential or mixed-use condominium constructed before December 31, 1975.

The Department of Taxation (DOTAX) opposed this bill. The Tax Foundation of Hawaii provided comments.

DOTAX noted several concerns, including that owner-occupants may take advantage of the deduction simply by living in the unit for a short period of time and that the definition of "qualifying costs" should be more specific. DOTAX also expressed concerns of possible collusion to inflate costs so a greater deduction can be claimed.

The Tax Foundation of Hawaii expressed concerns that there is no relationship between the cost of automatic fire sprinkler systems and a taxpayer's tax burden.

Accordingly, your Committee has amended this bill by:

- (1) Allowing renters to claim the deduction;
- (2) Requiring owner-occupants to occupy the unit for a minimum time period to be eligible for the deduction; and
- (3) 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 S.B. No. 1962, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1962, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

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

MAILE SHIMABUKURO, Chair

State of Hawaii House of Representatives The Twenty-fourth Legislature



Record of Votes of the Committee on Human Services & Housing

Bill/Resolution No.: SB 1962 SD 2	Date:	Date: 3/15/07			
Committee Referral: HSH, CPC, FIN	☐ The c	☐ The committee is reconsidering its previous decision on the measure.			
The recommendation is to: Pass, unamended	×	Pass, with amendments			
☐ Hold	 Pass, with amendments, for recommittal for further consideration 				
HSH Members	Ayes	Ayes (WR)	Nays	Excused	
1. SHIMABUKURO, Maile S. L. (C)					
2. RHOADS, Karl (VC)					
3. BELATTI, Della Au					
4. BERTRAM, Joe, III					
5. CABANILLA, Rida T.R.					
6. GREEN, Josh, M.D.	/				
7. MIZUNO, John	1				
8. TAKAI, K. Mark	/				
9. TOKIOKA, James Kunane	J				
10. AWANA, Karen Leinani					
11. WARD, Gene, Ph.D.					
TOTAL	9	1		l	
The recommendation is: Adopted Not Adopted If joint referral, did not support recommendation. committee acronym(s) Vice Chair's or designee's signature:					
Parlhod					
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office					