STAND. COM. REP. NO.

78

Honolulu, Hawaii

FEB 0 8 2007

RE: S.B. No. 797

S.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Madam:

Your Committee on Intergovernmental and Military Affairs, to which was referred S.B. No. 797 entitled:

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

begs leave to report as follows:

The purpose of this measure is to provide an income tax credit for the construction of residential safe rooms.

Testimony in support of this measure was submitted by the Department of Defense. Testimony in opposition to this measure was submitted by the Department of Taxation.

The Department of Taxation was unable to ascertain the fiscal impact this measure would have on state tax revenue, but it opined that it would be substantial.

Your Committee finds that the construction of residential safe rooms would serve to mitigate the loss of life in a hurricane or tsunami. Presently, there is only one incentive under the current Loss Mitigation Grant Program that provides a partial reimbursement for approved resistive devices. A tax credit, coupled with a grant, will provide an additional incentive for homeowners to build safe rooms, which may reduce the dependence of public emergency shelters.

Your Committee further finds that the language of section 235-110.91(h), Hawaii Revised Statutes, should be added to this measure to require all claims for the income tax credit be filed



within twelve months following the close of the taxpayer's taxable year, as is required of all other tax credits. Your Committee also finds, for clarification purposes, the term "taxpayer" should be changed to "individual" throughout the measure. In light of these findings, your Committee amended this measure to reflect these changes.

The intent of your Committee is to provide an income tax credit to encourage individuals to construct a residential safe room, which would serve to mitigate the loss of life in a hurricane or a tsunami.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 797, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 797, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on behalf of the members of the Committee on Intergovernmental and Military Affairs,

LORRAINE R. INOUYE Chair

The Senate Twenty-Fourth Legislature State of Hawaii

Record of Votes Committee on Intergovernmental and Military Affairs IGM

Bill / Resolution No.:*	Committee Referral: IGM, EDT, WAM		Date: 2/7/07	
SB 797	LEM, EUT, WAM		21719	
The committee is reconsidering its previous decision on this measure.				
If so, then the previous decision was to:				
The Recommendation is:				
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313				
Members	Aye	Aye (WR)	Nay	Excused
INOUYE, Lorraine R. (C)				
TSUTSUI, Shan S. (VC)				
HEMMINGS, Fred				
TOTAL	2			E PROVINCIONAL PROVINCIONAL PROVINCIONAL PROVINCIONAL PROVINCIONAL PROVINCIONAL PROVINCIONAL PROVINCIONAL PROVINCIONAL PROVINCIA PROVINC
Recommendation: Adopted Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

Revised: 12/18/06

^{*}Only one measure per Record of Votes