STAND. COM. REP. NO.

Honolulu, Hawaii Ag: 1 , 2010 RE: S.B. No. 2578 S.D. 1 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2578, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to strengthen the state's housing market and construction industry by establishing the Hawaii Residential Housing Income Tax Credit, a refundable state income tax credit for qualified buyers of new homes, similar to the federal government's homebuyer income tax credit that will soon expire.

Specifically, this tax credit is limited to qualified taxpayers who sign a binding contract to purchase a qualified principal residence on or after April 1, 2010, and before January 1, 2012, and close escrow before March 1, 2012. The amount of the tax credit shall be equal to the lesser of a certain percentage of the purchase price of the qualified principal residence, or a set dollar amount, payable in two equal installments over the immediately-following two taxable years.

Castle & Cooke, Inc.; Hawaii Carpenters Union; the Pacific Resource Partnership; Gentry Homes, Ltd.; and Land Use Research Foundation of Hawaii testified in support of this bill. The Department of Taxation opposed this measure. Tax Foundation of Hawaii provided comments.



Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2578, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2578, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

> Respectfully submitted on behalf of the members of the Committee on Finance,

MARCUS R. OSHIRO, Chair



State of Hawaii House of Representatives The Twenty-fifth Legislature

HSCR 1115-10

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 2578 SD1 7	ISG Fin Date: 3/30/10			
□ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	V			
2. LEE, Marilyn B. (VC)	V			
3. AQUINO, Henry J.C.				
4. AWANA, Karen Leinani	~			
5. BROWER, Tom	~			
6. CHOY, Isaac W.				
7. COFFMAN, Denny	1			
8. HAR, Sharon E.	1			
9. KEITH-AGARAN, Gilbert S.C.	~			
10. LEE, Chris			-	
11. NISHIMOTO, Scott Y.				
12. SAGUM, Roland D., III				
13. TOKIOKA, James Kunane	/			
14. WOOLEY, Jessica				
15. YAMASHITA, Kyle T.	~			
16. FINNEGAN, Lynn		V		
17. WARD, Gene	/			
			~	2
TOTAL (17)	16		0	\bigcirc
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature: Mary 3. Lel				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				