STAND. COM. REP. NO.

Honolulu, Hawaii

## FEB 1 2 2010

RE: S.B. No. 2605

Honorable Colleen Hanabusa President of the Senate Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Madam:

Your Committee on Education and Housing, to which was referred S.B. No. 2605 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to create a residential construction and remodeling tax credit for owners of residential real property for the taxable year in which it was claimed.

Your Committee received testimony in support of this measure from the Subcontractors Association of Hawaii and Hawai'i Association of Realtors. Testimony in opposition was received from the Department of Taxation. Comments were received from the Tax Foundation of Hawaii. Written testimony presented to the Committee may be reviewed on the Legislature's website.

The amount of the tax credit under this measure is four per cent of the residential construction and remodeling costs paid by the taxpayer during the taxable year for which the credit is claimed. This measure includes an unspecified ceiling amount of costs and an unspecified year before which the costs must be incurred, which your Committee would defer to the Committee on Ways and Means to determine.

This measure is intended to stimulate the State's economy by encouraging residential construction and remodeling, which provides jobs and income and sets in motion the multiplier effect in the economy.



STAND. COM. REP. NO. Paqe 2



Your Committee also defers to the Committee on Ways and Means on whether the tax credit under this measure should be extended to lessees of real property and developers of real property. This issue was raised by the Department of Taxation, as well as whether the tax credit should be extended to partnerships, corporations, estates, trusts, and associations of apartment owners.

As affirmed by the record of votes of the members of your Committee on Education and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2605 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

> Respectfully submitted on behalf of the members of the Committee on Education and Housing,

NORMAN SAKAMOTO, Chair



## The Senate Twenty-Fifth Legislature State of Hawaii

## Record of Votes Committee on Education and Housing EDH

| Bill / Resolution No.:*  | Committee Referral: Date:  |   |  |  |                         |
|--|--|---|--|--|-------------------------|
| SB2605   | EDH, WAM 2-10-10   |   |  |  |                         |
| The committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to:           |  |   |  |  |                         |
| The Recommendation is:   |  |   |  |  |                         |
| Pass, unamended Pass, with amendments Hold Recommit<br>2312 2311 2310 2313   |  |   |  |  |                         |
| Members  | · · · · · · · · · · · · · · · · · · ·  | Aye   | Aye (WR)                                     | Nay  | Excused                 |
| SAKAMOTO, Norman (C)   |  |   |  |  |                         |
| KIDANI, Michelle N. (VC)   |  |   |  |  |                         |
| CHUN OAKLAND, Suzanne  | the second s |   | 1997 6 F                                     |  | ALLANDING TO GENERAL ST |
| GALUTERIA, Brickwood   |  | 1   |  |  |                         |
| TSUTSUI, Shan S.   | (19) ganganitenza  | Internet in the second s | 1. n/- njjikifanjast zmaji kastago mito mark | The second s |                         |
| HEMMINGS, Fred   |  |   |  |  |                         |
|  |  |   |  |  |                         |
|  |  |   |  |  |                         |
|  |  |   |  |  |                         |
|  |  |   |  |  |                         |
|  |  |   |  |  |                         |
|  |  |   |  |  |                         |
| TOTAL  |  | 5   |  |  |                         |
| Recommendation:  |  |   |  |  |                         |
| Chair's or Designee's Signature:   |  |   |  |  |                         |
| Distribution: Original Yellow Pink Goldenrod   File with Committee Report Clerk's Office Drafting Agency Committee File Copy |  |   |  |  |                         |

## \*Only one measure per Record of Votes