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# HOUSE CONCURRENT RESOLUTION

URGING THE DEPARTMENT OF LAND AND NATURAL RESOURCES AND THE DEPARTMENT OF TAXATION TO DRAFT PROPOSED LEGISLATION TO ESTABLISH AN INCOME TAX CREDIT FOR THE REHABILITATION OR PRESERVATION OF ARCHAEOLOGICAL, CULTURAL, OR HISTORIC STRUCTURES IN THE STATE.

1 WHEREAS, the Hawaii State Constitution recognizes the value  
2 of historic places and vests the State with the power to  
3 conserve and develop objects and places of historic or cultural  
4 interest; and

5  
6 WHEREAS, the Legislature has declared that it is in the  
7 public's interest to engage in a comprehensive program of  
8 historic preservation at all levels of government to promote the  
9 use and conservation of historic properties for the education,  
10 inspiration, and enrichment of its citizens; and

11  
12 WHEREAS, older buildings make ideal locations for small,  
13 independent businesses and start-up companies; and

14  
15 WHEREAS, sixty cents of every dollar spent at independent  
16 businesses remain in the local economy, compared to less than  
17 ten cents of every dollar spent at national discounters; and

18  
19 WHEREAS, preserving and appropriately using historic  
20 buildings can enhance community character, provide an  
21 alternative to urban sprawl, create jobs, provide affordable  
22 housing, encourage heritage tourism, and spur economic  
23 development in older neighborhoods and commercial districts; and

24  
25 WHEREAS, Hawaii is the site of many historical structures  
26 and landmarks, making it a destination for heritage tourism and  
27 the film industry, both of which create additional jobs for  
28 Hawaii residents and added revenue for the State; and

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1           WHEREAS, the rehabilitation of existing infrastructure  
2 rather than the building of new infrastructure saves money by  
3 making use of existing property; and  
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5           WHEREAS, the labor intensive work needed for historic  
6 rehabilitation projects creates more jobs than new construction  
7 projects because more money is spent on labor than materials;  
8 and  
9

10          WHEREAS, according to a study released by the Historic  
11 Hawaii Foundation, a state recoups its investment in  
12 rehabilitation tax credits through four primary sources:  
13 construction period taxes, real property taxes, plus post-  
14 construction sales, and income taxes; and  
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16          WHEREAS, national studies have found that historic  
17 rehabilitation tax credits create a surge in economic  
18 development; and  
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20          WHEREAS, thirty-one states have adopted laws creating  
21 credits against state taxes to provide incentives for the  
22 appropriate rehabilitation of historic buildings; and  
23

24          WHEREAS, many states that provide a historic rehabilitation  
25 tax credit have found that the fiscal return was greater than  
26 the state's foregone tax revenue, often returning three to five  
27 times more revenue to the state in new taxes and significant new  
28 investment; and  
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30          WHEREAS, these states also found that historic  
31 rehabilitation tax credits were successful in creating new jobs,  
32 increasing loan demand and deposits in local financial  
33 institutions, enhancing property values, and generating sales as  
34 well as benefiting environmental sustainability, affordable  
35 housing, tourism and visitation, and neighborhood  
36 revitalization; and  
37

38          WHEREAS, historic rehabilitation tax credit programs have  
39 proved to be successful incentives for rehabilitating older  
40 structures and returning them to useful life; and  
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42          WHEREAS, tax credit programs for the rehabilitation of  
43 historic properties have been used at the federal level and by  
44 almost two-thirds of the United States, and although the details



1 of the programs vary by state, preservation tax credits  
2 universally have been shown to be effective, especially when  
3 coupled with the twenty per cent federal historic tax credit  
4 available to income-producing historic properties, such as  
5 commercial, office, industrial, and resort properties; and  
6

7 WHEREAS, most historic rehabilitation tax credit programs  
8 include the following basic elements:  
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- 10 (1) Criteria establishing the buildings or structures that  
11 qualify for the tax credit;  
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- 13 (2) Standards that ensure proper rehabilitation to  
14 preserve the historic and architectural character of  
15 the building or structure;  
16
- 17 (3) A method for calculating the value of the tax credit  
18 awarded, reflected as a percentage of the amount  
19 expended on that portion of the rehabilitation work  
20 that is approved as a certified rehabilitation;  
21
- 22 (4) A minimum amount required to be invested in the  
23 rehabilitation; and  
24
- 25 (5) A mechanism for administering the program through the  
26 appropriate state agency; and  
27

28 WHEREAS, historic rehabilitation tax credits not only  
29 provide economic growth, but also facilitate sustainable growth  
30 by encouraging the reuse of natural resources and materials  
31 found in rehabilitation projects; now, therefore,  
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33 BE IT RESOLVED by the House of Representatives of the  
34 Twenty-seventh Legislature of the State of Hawaii, Regular  
35 Session of 2014, the Senate concurring, that the Department of  
36 Land and Natural Resources and the Department of Taxation are  
37 requested to draft proposed legislation to establish an income  
38 tax credit for the rehabilitation or preservation of  
39 archaeological, cultural, or historic structures in the State;  
40 and  
41

42 BE IT FURTHER RESOLVED that the Department of Land and  
43 Natural Resources and the Department of Taxation, as part of  
44 their proposed legislation to the Legislature, are requested to



1 include a clear and specific definition of the terms  
 2 "archaeological, cultural, and historic structures" that qualify  
 3 for the proposed income tax credit; and  
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5 BE IT FURTHER RESOLVED that the Department of Land and  
 6 Natural Resources and the Department of Taxation are requested  
 7 to submit the proposed legislation to the Legislature no later  
 8 than twenty days prior to the convening of the Regular Session  
 9 of 2015; and

10  
 11 BE IT FURTHER RESOLVED that certified copies of this  
 12 Concurrent Resolution be transmitted to the Chairperson of the  
 13 Board of Land and Natural Resources and the Director of  
 14 Taxation.  
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 16  
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OFFERED BY:

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