

STAND. COM. REP. NO.

153

Honolulu, Hawaii

FEB 07 , 2023

RE: H.B. No. 886  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 886  
entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to eliminate the home mortgage  
interest deduction for second homes under the state income tax  
law.

Your Committee received testimony in support of this measure  
from the Hawaii Housing Finance and Development Corporation and  
one individual. Your Committee received testimony in opposition  
to this measure from the Hawai'i Association of REALTORS. Your  
Committee received comments on this measure from the Department of  
Budget and Finance, Department of Taxation, and Tax Foundation of  
Hawaii.

Your Committee finds that Hawaii is currently experiencing a  
housing shortage. By removing the mortgage interest deduction for  
second homes, this measure creates a disincentive to owning a  
second home, which could ultimately lead to an increase in the  
supply of homes available for residents to use as their primary  
residence.

Your Committee has amended this measure by:

2023-1260 HB886 HD1 HSCR HMSO



- (1) Inserting a sunset date of July 1, 2028;
- (2) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 886, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 886, H.D. 1, and be referred to your Committee on Economic Development.

Respectfully submitted on  
behalf of the members of the  
Committee on Housing,



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TROY N. HASHIMOTO, Chair



