STAND. COM. REP. NO.



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 Hawaiii 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,

TROY HASHIMOTO, Chair

State of Hawaii House of Representatives The Thirty-second Legislature



Record of Votes of the Committee on Housing

Bill/Resolution No.: Comm	nittee Referral: +SG,EG),	FIN Date:	2/3/27	
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)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. HASHIMOTO, Troy N. (C)	1			
2. AIU, Micah P.K. (VC)	•			
3. KILA, Darius K.				an Salambar at a talan a a a a a a a a a a a a a a a a a a
4. KITAGAWA, Lisa	√			
5. MARTEN, Lisa				
5. WAKIEN, LISA				
6. ONISHI, Richard H.K.				
7. TODD, Chris				
8. MATSUMOTO, Lauren	V		<u> </u>	an Andrewski i karanga sa
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TOTAL (8)	В			
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				