

STAND. COM. REP. NO. **550**

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 376
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committees on Public Safety and Military Affairs and
Commerce and Consumer Protection, to which was referred S.B.
No. 376 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a refundable income tax credit for taxpayers who construct or install improvements to their residence that increase the residence's fire safety rating as calculated by the taxpayer's homeowner's insurance policy; and
- (2) Apply to taxable years beginning after December 31, 2025.

Your Committees received comments on this measure from the Department of Commerce and Consumer Affairs, Department of Taxation, and Tax Foundation of Hawaii.

Your Committees find that making it easier for residents to increase the fire safety rating of their homes is important to the State. This measure facilitates access to home improvement projects that make homes more resistant to fire damage by



establishing a tax credit based on the residence's upgraded fire safety rating.

Your Committees note the comments provided by the Department of Commerce and Consumer Affairs in their testimony given at the public hearing held on this measure. The Department of Commerce and Consumer Affairs has indicated that the Department's Insurance Division does not possess the expertise necessary to provide a certificate of approval for qualified home fire safety improvements implemented by taxpayers.

Your Committees also note the comments provided by the Department of Taxation in their testimony given at the public hearing held on this measure. The Department of Taxation suggests that a third party certify the tax credit and that the credit be nonrefundable, as refundable credits are more susceptible to waste, fraud, and abuse.

Accordingly, your Committees have amended this measure by:

- (1) Changing "tax credit" to "nonrefundable tax credit";
- (2) Changing the issuer of the certification for the tax credit from the Insurance Commissioner to a third party;
- (3) Deleting language that would have required the tax credit be recaptured;
- (4) Deleting language that would have required every claim for the tax credit to be filed before the end of the twelfth month following the close of the tax credit or the tax credit be deemed waived;
- (5) Making conforming amendments;
- (6) Inserting an effective date of July 1, 2077, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Commerce and



Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 376, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 376, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Public Safety and Military Affairs and Commerce and Consumer Protection,



JARRETT KEOHOKALOLE, Chair



BRANDON J.C. ELEFANTE, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

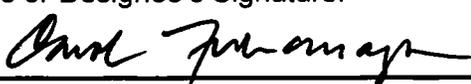
Record of Votes
Committee on Public Safety and Military Affairs
PSM

Bill / Resolution No.:* SB 376	Committee Referral: PSM/CPN, WAM	Date: 2-5-25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
ELEFANTE, Brandon J.C. (C)	✓			
WAKAI, Glenn (VC)	✓			
FUKUNAGA, Carol	✓			
RHOADS, Karl	/			✓
DECORTE, Samantha	✓			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
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

The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB376	PSM/CPN, WAM	2/5/25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton				✓
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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