Honolulu, Hawaii

FEB 10 2025

RE: S.B. No. 697
        S.D. 1

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

Sir:

    Your Committee on Commerce and Consumer Protection, to which
was referred S.B. No. 697 entitled:

    "A BILL FOR AN ACT RELATING TO AN INCOME TAX CREDIT,"

begs leave to report as follows:

    The purpose and intent of this measure is to establish a
nonrefundable individual income tax credit for expenses paid to
retrofit a residence with wind resistive devices.

    Your Committee received testimony in support of this measure
from the Department of Commerce and Consumer Affairs, Hawaiʻi
Emergency Management Agency, National Association of Mutual
Insurance Companies, Hawaii Insurers Council, and three
individuals.

    Your Committee received comments on this measure from the
Department of Taxation and Tax Foundation of Hawaii.

    Your Committee finds that the State is prone to an increasing
number of catastrophic weather events, including hurricanes, that
may cause significant damage from high force winds. By allowing
residents to offset costs to retrofit their properties with wind-
resistant devices, households and communities statewide can
mitigate personal risk and prevent or reduce the impacts of
natural disasters, and potentially make their properties more
insurable. Your Committee further finds that, while public safety

is of paramount importance, ensuring proper usage of financial
incentives is necessary to prevent potential abuse. Clarifying
the terms of the tax credit proposed by this measure will help
establish eligibility while preventing lost revenue to the State.
Amendments to this measure are therefore necessary to address this
concern.

Accordingly, your Committee has amended this measure by:

(1) Changing the amount of the wind resistance retrofit tax
credit from the lesser of $40,000 or actual costs to an
unspecified percentage of costs;

(2) Providing that no credit issued under the wind
resistance retrofit tax credit may be carried forward
for an unspecified number of years;

(3) Inserting a blank appropriation to the Department of
Commerce and Consumer Affairs to pre-certify wind
resistance retrofit tax credit claims;

(4) Changing the wind resistance retrofit tax credit to
apply to taxable years beginning after December 31,
2025;

(5) Inserting a sunset date of January 1, 2028;

(6) Inserting an effective date of July 1, 2050, to
encourage further discussion; and

(7) Making technical, nonsubstantive amendments for the
purposes of clarity and consistency.

As affirmed by the record of votes of the members of your
Committee on Commerce and Consumer Protection that is attached to
this report, your Committee is in accord with the intent and
purpose of S.B. No. 697, as amended herein, and recommends that it
pass Second Reading in the form attached hereto as S.B. No. 697,
S.D. 1, and be referred to your Committee on Ways and Means.

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Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,

_____

JARRETT KEOHOKALOLE, Chair

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:
SB697	CPN. WAM	1/31/25

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended
2312
☑ Pass, with amendments
2311
☐ Hold
2310
☐ 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	3	∅	∅	2

Recommendation:

☑ Adopted   ☐ Not Adopted

Chair's or Designee's Signature:

Carol Fukunaga

*Only <u>one</u> measure per Record of Votes