

Honolulu, Hawaii

FEB 19 , 2026

RE: H.B. No. 1729
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Housing, to which was referred H.B. No. 1729 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 Housing Hawai'i's Future 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 Taxation and Tax Foundation of Hawaii.

Your Committee finds that Hawaii continues to face severe pressure on housing affordability and availability, and that tax preferences benefiting second home ownership can exacerbate these challenges by incentivizing the purchase and retention of properties not used as primary residences. These tax preferences reduce the after-tax cost of owning additional homes and do not advance core public policy goals of equity or efficiency, while potentially worsening competition for limited housing stock. Your Committee believes that eliminating the mortgage interest



deduction for second homes will better align the State's income tax code with housing objectives and allow resources to be redirected to higher priority needs such as housing production and infrastructure.

Your Committee has amended this measure by changing the effective date to July 1, 3000, to encourage further discussion.

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. 1729, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1729, H.D. 1, and be referred to your Committee on Finance.

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

LAC

LUKE A. EVSLIN, Chair



