

STAND. COM. REP. NO. 2401

Honolulu, Hawaii

FEB 19 2026

RE: S.B. No. 2451  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2026  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2451 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Eliminate the home mortgage interest deduction for second homes under Hawaii income tax law; and
- (2) Require reports to the Legislature.

Your Committee received testimony in support of this measure from two individuals.

Your Committee received testimony in opposition to this measure from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; Hawai'i Association of REALTORS; and two individuals.

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

Your Committee finds that the home mortgage interest deduction (MID) on federal and state income taxes allows homeowners who itemize deductions to deduct mortgage interest



attributable to a primary residence and second-home debt, and interest paid on home equity debt. MID plays an important role in encouraging home ownership by making mortgage payments more affordable. In its current form, MID includes second homes, including second homes that are not used as a primary residence. This measure would remove MID for second homes.

However, your Committee recognizes that many residents acquire a second home to house elderly parents or adult children who are unable to pay for their own home. For these residents, MID provides financial relief that allows them to support their families, despite the State's high cost of living. To account for the unique circumstances that some residents face, this measure requires further amendments.

Accordingly, your Committee has amended this measure by:

- (1) Inserting language providing that second homes that are used as a primary residence by the owner or a long-term tenant shall be eligible for the home mortgage interest deduction;
- (2) Inserting language clarifying the contents of the required report;
- (3) Amending section 1 to reflect its amended purpose; and
- (4) Inserting an effective date of July 1, 2050, 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 S.B. No. 2451, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2451, S.D. 1, and be referred to your Committee on Ways and Means.



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

  
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STANLEY CHANG, Chair

