

Honolulu, Hawaii

FEB 17, 2006

RE: H.B. No. 2989
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 2989 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to promote the development of affordable housing by establishing a general excise tax credit for the construction of affordable housing.

The Land Use Research Foundation and a concerned individual testified in support of this bill. The Housing and Community Development Corporation of Hawaii, City and County of Honolulu Department of Community Services, and Blueprint for Change supported the intent of this measure. The Department of Taxation opposed this bill. The Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by deleting its content and replacing it with provisions that:

- (1) Establish an income tax credit in the amount of 4.5 percent of the total cost of the development of the affordable units in an eligible project, not including the cost of land; and
- (2) Require at least 50 percent of the units to be affordable to households with incomes at or below 140 percent of the median family income.



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. 2989, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2989, H.D. 1, and be referred to the Committee on Finance.

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

Michael P. Kahlukina

MICHAEL P. KAHIKINA, Chair



