

Honolulu, Hawaii
Feb 15, 2006

RE: H.B. No. 2990
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. 2990 entitled:

"A BILL FOR AN ACT RELATING TO STATE MORTGAGE CREDIT CERTIFICATES,"

begs leave to report as follows:

The purpose of this bill is to assist low- and moderate-income homebuyers by providing a tax credit of up to 20 percent of the annual mortgage interest payment.

UniDev, LLC, testified in support of this bill. The Department of Taxation opposed this measure. The Tax Foundation of Hawaii offered comments.

Your Committee discussed this measure at length and found that a similar federal program currently exists. However, the federal program is not well known. Your Committee is dedicated to looking at a variety of solutions to solve Hawaii's affordable housing crisis and believes this measure is worthy of further discussion.

Accordingly, your Committee has amended this bill by:

- (1) Referencing Section 25 of the Internal Revenue Code in the bill;



- (2) Allowing an eligible taxpayer to claim the state credit only if the taxpayer is not claiming the federal credit;
- (3) Limiting the credit to first-time homebuyers; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 2990, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2990, 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. KAHIKINA, Chair



