

Honolulu, Hawaii
Feb 17, 2006

RE: H.B. No. 3114

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

Sir:

Your Committee on Water, Land, & Ocean Resources, to which was referred H.B. No. 3114 entitled:

"A BILL FOR AN ACT RELATING TO HISTORIC PRESERVATION TAX CREDIT,"

begs leave to report as follows:

The purpose of this bill is to provide incentives for restoring important historical structures by establishing an income tax credit for qualifying costs incurred by Hawaii residents in rehabilitating or preserving historic structures in the state.

The Department of Taxation, Honolulu Culture & Arts District Association, Historic Hawaii Foundation, and two concerned individuals supported this bill. The Department of the Attorney General, Department of Land and Natural Resources, and Tax Foundation of Hawaii submitted comments.

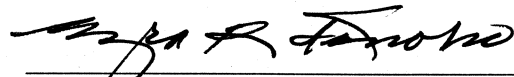
Your Committee supports efforts to restore our valuable historic structures. These properties reflect the growth and evolution of our unique culture and history. In addition, it is your Committee's intent to provide a "progressive" tax credit to help those who truly depend on the assistance provided under this credit to restore historical structures. The tax credit should not be targeted to those who can afford to perform the restoration without the credit.



Your Committee also notes that concerns were raised regarding limiting this tax credit to resident taxpayers. This provision may raise constitutional issues relating to the Equal Protection Clause or the Privileges and Immunities Clause. Your Committee supports future legislative efforts to address this issue as this measure goes through the legislative process.

As affirmed by the record of votes of the members of your Committee on Water, Land, & Ocean Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3114 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Water, Land, &
Ocean Resources,


EZRA R. KANOHO, Chair



