

Honolulu, Hawaii

FEB 17

, 2006

RE: S.B. No. 3048
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing,
to which was referred S.B. No. 3048 entitled:

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

begs leave to report as follows:

The purpose of this measure is to assist low and moderate
income persons in purchasing a principal residence by providing
qualified buyers with a state income tax credit up to or equal to
twenty percent of the annual mortgage interest payment.

Testimony in support of the measure was submitted by UniDev
LLC. The Department of Taxation opposed the measure. Tax
Foundation of Hawaii submitted comments.

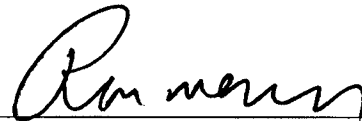
Your Committee finds that there are conflicting viewpoints
regarding this measure. There is a federal mortgage credit
certificate program available, but it is not well publicized. A
corresponding state program would allow the State to set the
parameters for eligibility and target the tax credits for greatest
effect on potential Hawaii homeowners, and would be a more
efficient use of scarce state funds than downpayment assistance.
On the other hand, a state mortgage credit certificate program
would be complicated and perhaps unrealistic, and would provide a
double tax benefit, given that federal and state tax laws
currently provide tax relief for home ownership.



Your Committee has amended this measure by amending the effective date to July 1, 2050, for purposes of continued discussion.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3048, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3048, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Housing,



RON MENOR, Chair



