

STAND. COM. REP. NO.

**2485**

Honolulu, Hawaii

**FEB 17**

, 2006

RE: S.B. No. 3126  
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. 3126 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to create an incentive for the  
construction of affordable housing units in Hawaii through a  
general excise tax credit.

Testimony in support of the measure was submitted by Land Use  
Research Foundation of Hawaii, Pacific Housing Assistance  
Corporation, and an individual. The Department of Taxation  
opposed the measure. Tax Foundation of Hawaii offered comments.

Your Committee finds that tax incentives are critical to  
stimulate investment in the development of affordable housing.  
The four percent general excise tax credit on residential  
construction cost could leverage millions of dollars in investment  
in new and renovated homes. Although a general excise tax  
exemption is currently available for qualified housing developers,  
the tax credit is more marketable to investors as a means of  
generating capital for housing development.

Your Committee has amended this measure to delete the cap on  
maximum allowable credits during the taxable year, and to make  
technical, nonsubstantive amendments for style.



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. 3126, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3126, S.D. 1, and be referred to the Committee on Ways and Means.

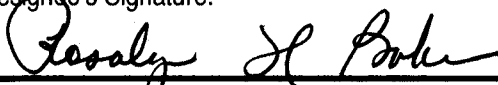
Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Housing,

  
\_\_\_\_\_  
RON MENOR, Chair



The Senate  
 Twenty-Third Legislature  
 State of Hawaii

Record of Votes of the  
 Committee on Commerce, Consumer Protection and Housing  
 (Bills and Resolutions)

Measure:* <b>SB 3126</b>	Committee Referral: <b>CPT, WAM</b>	Date: <b>2-16-06</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to:				
<input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
MENOR, Ron (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
ESPERO, Will	✓			
IGE, David Y.				✓
SAKAMOTO, Norman				✓
HOGUE, Bob	✓			
TOTAL	4	-	-	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:              Original              Yellow              Pink              Goldenrod				
File with Committee Report		Clerk's Office	Drafting Agency	Committee File Copy

\*Do not list more than one measure per Record of Votes.