

STAND. COM. REP. NO.

1344

Honolulu, Hawaii

MAR 23 2007

RE: H.B. No. 1096  
H.D. 1  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred H.B. No. 1096, H.D. 1, S.D. 1, 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 home buyers by providing a state income tax credit up to twenty per cent of the annual mortgage interest paid per year.

Testimony in support of this measure was received from the Hawai'i Alliance for Community Based Economic Development and the Hawaii Association of REALTORS. The Department of Taxation; UniDev Hawai'i, LLC, and the Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has heard a number of concerns raised about the provisions of this measure, but Committee members believe it merits continuing dialogue.

Your Committee has amended this measure by:

- (1) Deleting all references to "certificate credit rate" throughout;



- (2) Deleting the specific percentage and maximum dollar amount for the tax credit and leaving the percentage and dollar amount unspecified;
- (3) Specifying that the residence shall become the principal residence of the mortgagor within one year;
- (4) Deleting the requirement that each person who issues a state mortgage certificate shall file a report;
- (5) Directing the Hawaii Housing Finance and Development Corporation to administer and enforce the state mortgage certificate and certify eligibility; and
- (6) Inserting an effective date of July 1, 2050, for the purposes of continuing legislative discussions.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1096, H.D. 1, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.B. No. 1096, H.D. 1, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development and Taxation,

  
CAROL FUKUNAGA, Chair



