

Honolulu, Hawaii

FEB 04 2008

RE: S.B. No. 3013  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and  
Affordable Housing, to which was referred S.B. No. 3013 entitled:

"A BILL FOR AN ACT RELATING TO LOSS MITIGATION,"

begs leave to report as follows:

The purpose of this measure is to reduce the potential loss  
from hurricane or other wind damage by providing an incentive to  
taxpayers to retrofit their property with wind resistive devices.

Specifically, this measure provides the following:

- (1) Establishes a wind resistive devices tax credit of  
thirty-five per cent of the costs incurred for the  
purchase and installation of wind resistive devices in a  
non-condominium residential dwelling owned by the  
taxpayer and located in the State;
- (2) Repeals chapter 431, article 22, Hawaii Revised  
Statutes, relating to the loss mitigation grant program;
- (3) Appropriates funds out of the loss mitigation grant fund  
to enable the loss mitigation grant program to continue  
until the wind resistive devices tax credit becomes  
available; and
- (4) Requires that any unencumbered funds in the loss  
mitigation grant fund be transferred to the hurricane



reserve trust fund under section 431P-16, Hawaii Revised Statutes.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs and the Department of Taxation. Testimony in opposition to this measure was submitted by the Hawaii Lumber Products Association. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that providing incentives to homeowners to purchase and install devices that will prevent property loss during events, such as natural disasters, should be encouraged. Establishing a wind resistive devices tax credit will encourage and provide an incentive to homeowners to retrofit their property with these devices and reduce their potential loss from hurricane or other wind damage.

The Department of Commerce and Consumer Affairs indicated to your Committee that the loss mitigation grant program under chapter 431, article 22, Hawaii Revised Statutes, which awards grant moneys to homeowners for the purchase and installation of wind resistive devices is seldom used. The Department further indicated that the public is more familiar with the tax credit concept and would prefer claiming a tax credit rather than participate in a grant approval process. Thus, the Department supports repealing the loss mitigation grant program and replacing it with a tax credit incentive. Although your Committee recognizes the public's familiarity with tax credits, it believes that incentives for the purchase and installation of wind resistive devices should be provided in addition to loss mitigation grants to broaden the loss mitigation concept among Hawaii homeowners. Furthermore, your Committee believes that the lack of public education of the loss mitigation grant program may be a cause of the seldom use of the grant program. Therefore, your Committee recommends that the Civil Defense Division of the Department of Defense offer and conduct educational forums for the public to learn about available loss mitigation methods and programs to protect their homes.

Accordingly, your Committee has amended this measure by:

- (1) Deleting section 2 of the measure that repeals chapter 431, article 22, Hawaii Revised Statutes, relating to the loss mitigation grant program;



- (2) Deleting section 4 of the measure that requires any unencumbered funds in the loss mitigation grant fund to be transferred to the hurricane reserve trust fund under section 431P-16, Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive amendments for the purposes of proper formatting and consistency.

Your Committee believes that establishing a wind resistive devices tax credit in addition to the loss mitigation grant program fulfills the intent of this measure, which is to reduce the potential loss from hurricane or other wind damage by providing an incentive to taxpayers to retrofit their property with wind resistive devices.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3013, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3013, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

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

  
\_\_\_\_\_  
RUSSELL S. KOKUBUN, Chair



