

STAND. COM. REP. NO.

78

Honolulu, Hawaii

FEB 08 2007

RE: S.B. No. 797
S.D. 1

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

Madam:

Your Committee on Intergovernmental and Military Affairs, to which was referred S.B. No. 797 entitled:

"A BILL FOR AN ACT RELATING TO INCOME TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to provide an income tax credit for the construction of residential safe rooms.

Testimony in support of this measure was submitted by the Department of Defense. Testimony in opposition to this measure was submitted by the Department of Taxation.

The Department of Taxation was unable to ascertain the fiscal impact this measure would have on state tax revenue, but it opined that it would be substantial.

Your Committee finds that the construction of residential safe rooms would serve to mitigate the loss of life in a hurricane or tsunami. Presently, there is only one incentive under the current Loss Mitigation Grant Program that provides a partial reimbursement for approved resistive devices. A tax credit, coupled with a grant, will provide an additional incentive for homeowners to build safe rooms, which may reduce the dependence of public emergency shelters.

Your Committee further finds that the language of section 235-110.91(h), Hawaii Revised Statutes, should be added to this measure to require all claims for the income tax credit be filed

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within twelve months following the close of the taxpayer's taxable year, as is required of all other tax credits. Your Committee also finds, for clarification purposes, the term "taxpayer" should be changed to "individual" throughout the measure. In light of these findings, your Committee amended this measure to reflect these changes.

The intent of your Committee is to provide an income tax credit to encourage individuals to construct a residential safe room, which would serve to mitigate the loss of life in a hurricane or a tsunami.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 797, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 797, 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 Intergovernmental
and Military Affairs,


LORRAINE R. INOUYE, Chair



