

Honolulu, Hawaii

FEB 4, 2010

RE: H.B. No. 2381

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Economic Revitalization, Business, & Military Affairs, to which was referred H.B. No. 2381 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to stimulate Hawaii's economy by establishing a tax credit for residential construction and remodeling.

The Hawaii Association of REALTORS, Building Industry Association of Hawaii, and Subcontractors Association of Hawaii testified in support of this bill. The Department of Taxation (DoTAX) and Tax Foundation of Hawaii submitted comments.

Your Committee notes that the absence of DoTAX from the hearing of this measure made it difficult for members to evaluate and respond to the department's written testimony. Your Committee hopes that in the future, the department will see fit to send a representative who is well-prepared to advise the Committee on this, and other measures that impact the State's revenue base.

While recognizing that this measure does raise some degree of fiscal concerns, your Committee also notes that the tax credit is a recommendation of the Construction Industry Tax Force, which was established by Senate Concurrent Resolution No. 132, S.D. 1, 2009, to develop and propose state actions to preserve and create new construction jobs. Given the 52 percent of construction workers

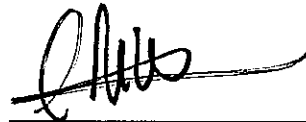


on the bench during this economic downturn, your Committee believes that further, informed consideration of the costs and benefits of this measure is warranted.

To encourage further discussion of this measure, your Committee has changed its effective date to July 1, 2112.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization, Business, & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2381, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2381, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization, Business, &
Military Affairs,



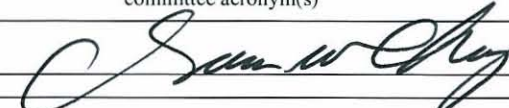
ANGUS L.K. MCKELVEY, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR 103-10

Record of Votes of the Committee on Economic Revitalization, Business, & Military Affairs

Bill/Resolution No.: HB 2381	Committee Referral: EBM, FIN	Date: Jan. 28, 2010		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EBM Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)		✓		
3. BERG, Lyla B.		✓		
4. EVANS, Cindy	✓			
5. MANAHAN, Joey	✓			
6. TAKAI, K. Mark	✓			
7. TOKIOKA, James Kunane				✓
8. TSUJI, Clift	✓			
9. WAKAI, Glenn		✓		
10. WOOLEY, Jessica		✓		
11. WARD, Gene	✓			
TOTAL (11)	6	4		1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				