RE: H.B. No. 2381
        H.D. 2
        S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

    Your Committee on Education and Housing, to which was
referred H.B. No. 2381, H.D. 2, entitled:

    "A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

    The purpose of this measure is to provide a temporary tax
credit for residential construction and remodeling projects.

    Testimony in support of this measure was submitted by nine
private organizations and one individual. Testimony in support of
the intent of this measure was submitted by the Governor's office
and one state agency. Comments were submitted by one private
organization. Written testimony presented to the Committee may be
reviewed on the Legislature's website.

    Your Committee finds that this measure would provide a much-
needed boost to the State's construction industry, creating ripple
effects to stimulate the state economy while encouraging residents
to undertake construction or renovations to improve their homes.

    Your Committee has received proposed amendments to this
measure that would provide tax credits for hotel construction and
renovations rather than for residential construction and
renovations. Proponents of the proposed amendments claim that
such a tax credit would stimulate the economy more than a
residential construction and renovation tax credit. Testimony
submitted to your Committee indicates that a hotel construction

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and renovation tax credit would create up to 23,000 jobs and generate $74,000,000 in additional tax revenue between 2010 and 2012. Your Committee has taken these recommendations into consideration and finds that additional information on the impact of various tax credit schemes on jobs and the state budget would be beneficial.

Accordingly, your Committee has amended this measure by:

(1) Requiring the Department of Taxation to submit a report to the Legislature that compares the impact on jobs and the state budget of four separate tax credits for:

(A) New construction to residential apartment units and houses;

(B) Renovations to residential apartment units and houses;

(C) New construction to hotels and resorts; and

(D) Renovations to hotels and resorts; and

(2) Adding a sunset date of June 30, 2013, for the residential construction and renovation tax credit to prompt a quicker initiation of construction or renovation projects; and

(3) Adding language to clarify that the residential construction and renovation tax credit under this measure is temporary.

As affirmed by the record of votes of the members of your Committee on Education and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2381, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2381, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Education and
Housing,

_____
NORMAN SAKAMOTO, Chair

The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Education and Housing
EDH

Bill / Resolution No.:*	Committee Referral:	Date:
HB 2381 HD2	EDH, WAM	3-10-10

☐ The committee is reconsidering its previous decision on this measure.

    If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended   ☑ Pass, with amendments   ☐ Hold   ☐ Recommit
     2312   2311   2310   2313

Members	Aye	Aye (WR)	Nay	Excused
SAKAMOTO, Norman (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
GALUTERIA, Brickwood	✓			
TSUTSUI, Shan S.				✓
HEMMINGS, Fred	✓			
TOTAL	5			1

Recommendation:

☑ Adopted   ☐ Not Adopted

Chair's or Designee's Signature: _Michelle N. Kidani_

*Only <u>one</u> measure per Record of Votes