

Honolulu, Hawaii

April 1, 2010

RE: S.B. No. 2578
S.D. 1
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 Finance, to which was referred S.B. No. 2578, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to strengthen the state's housing market and construction industry by establishing the Hawaii Residential Housing Income Tax Credit, a refundable state income tax credit for qualified buyers of new homes, similar to the federal government's homebuyer income tax credit that will soon expire.

Specifically, this tax credit is limited to qualified taxpayers who sign a binding contract to purchase a qualified principal residence on or after April 1, 2010, and before January 1, 2012, and close escrow before March 1, 2012. The amount of the tax credit shall be equal to the lesser of a certain percentage of the purchase price of the qualified principal residence, or a set dollar amount, payable in two equal installments over the immediately-following two taxable years.

Castle & Cooke, Inc.; Hawaii Carpenters Union; the Pacific Resource Partnership; Gentry Homes, Ltd.; and Land Use Research Foundation of Hawaii testified in support of this bill. The Department of Taxation opposed this measure. Tax Foundation of Hawaii provided comments.

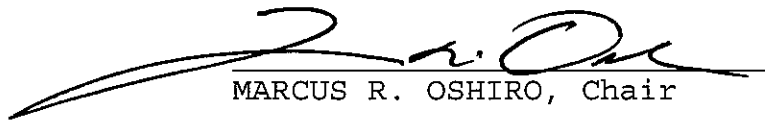


Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2578, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2578, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



