

STAND. COM. REP. NO.

2459

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2578  
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 Ways and Means, to which was referred S.B. No. 2578 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a refundable state ohana residential housing income tax credit for qualified buyers of new homes that is similar to the federal income tax credit.

Specifically, this state income tax credit is limited to qualified taxpayers who purchase a qualified principal residence on or after April 1, 2010, and before January 1, 2012. The amount of the tax credit is the lesser of \$6,000 or two per cent of the purchase price of the qualified principal residence, payable in two equal installments over the immediately following two taxable years.

Your Committee received written comments in opposition to this measure from the Department of Taxation. Written comments may be reviewed on the Legislature's website.

Your Committee finds that this measure will stimulate the demand side of new home purchasing in the State by providing financial incentives to homebuyers. This is especially important as the federal tax incentive will soon expire. The state residential housing income tax credit will provide a significant boost to a recovery from the current economic crisis faced by the

SB2578 SD1 SSCR LRB 10-1938.doc



construction industry and the overall state economy by stimulating spending, creating new construction jobs, and increasing the supply of affordable housing in Hawaii.

Upon further consideration, your Committee has amended this measure by:

- (1) Changing the dollar amount of the tax credit to an unspecified amount;
- (2) Changing the percentage of the new home purchase price that is available as a tax credit to an unspecified percentage;
- (3) Changing the name of the tax credit to the "Hawaii residential housing income tax credit" to avoid confusion as to the purpose of the tax credit;
- (4) Changing the effective date to July 1, 2050, to promote further discussion; and
- (5) Making technical nonsubstantive amendments for the purposes of accuracy, clarity, and style.

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

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

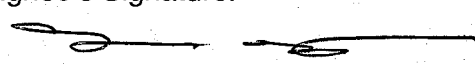


DONNA MERCADO KIM, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2578	EDH, WAM	2-24-10		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood	/			
HEE, Clayton	/			
HOOSER, Gary L.	/			
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred				/
<b>TOTAL</b>	11	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
				
<b>Distribution:</b>				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes