

Honolulu, Hawaii

FEB 12 2010

RE: S.B. No. 2578

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 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 Ohana residential housing income tax credit for qualified taxpayers.

Your Committee received testimony in support of this measure from Hawaii Association of Realtors and Castle & Cooke Hawaii. Testimony in opposition was received from the Department of Taxation. Comments were received from the Tax Foundation of Hawaii. Written testimony presented to the Committee may be reviewed on the Legislature's website.

This measure establishes a refundable state income tax credit that mirrors the federal income tax credit but limits the tax credit to qualified taxpayers who purchase a qualified principal residence on or after April 1, 2010, and before January 1, 2012. Your Committee finds that stimulating the demand side of buying new homes by providing financial incentives to homebuyers would be a significant asset in turning around the current economic crisis faced by the construction industry and the overall state economy.

Your Committee further finds that establishing a state income tax credit for qualified taxpayers who purchase a newly constructed principal residence would help to reduce or avoid a potentially crippling housing market scenario in Hawaii once the



federal tax credit expires. This tax credit would benefit the State by putting back to work many Hawaii taxpayers who make a living in the construction industry. The tax credit could also influence development of a greater supply of affordable housing in the State if contractors believe that there is sufficient demand for additional affordable housing.

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 S.B. No. 2578 and recommends that it pass Second Reading 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.:* SB 2578	Committee Referral: EDH, WAM	Date: 2-10-10		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 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: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes