

STAND. COM. REP. NO.

2274

Honolulu, Hawaii

FEB 12 2010

RE: S.B. No. 2605

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. 2605 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to create a residential construction and remodeling tax credit for owners of residential real property for the taxable year in which it was claimed.

Your Committee received testimony in support of this measure from the Subcontractors Association of Hawaii and Hawai'i Association of Realtors. 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.

The amount of the tax credit under this measure is four per cent of the residential construction and remodeling costs paid by the taxpayer during the taxable year for which the credit is claimed. This measure includes an unspecified ceiling amount of costs and an unspecified year before which the costs must be incurred, which your Committee would defer to the Committee on Ways and Means to determine.

This measure is intended to stimulate the State's economy by encouraging residential construction and remodeling, which provides jobs and income and sets in motion the multiplier effect in the economy.



Your Committee also defers to the Committee on Ways and Means on whether the tax credit under this measure should be extended to lessees of real property and developers of real property. This issue was raised by the Department of Taxation, as well as whether the tax credit should be extended to partnerships, corporations, estates, trusts, and associations of apartment owners.

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. 2605 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



