

**BIA-HAWAII**  
**BUILDING INDUSTRY ASSOCIATION**

March 2, 2011

**LATE TESTIMONY**

Representative Marcus Oshiro, Chair  
Committee on Finance  
State Capitol, Room 308  
Honolulu, Hawaii 96813

RE: HB130i7, HD1 "Relating to Taxation"

Dear Chair Oshiro and Members of the Committee on Finance:

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii strongly supports HB 130i7, HD1 "Relating to Taxation", but wishes to amend the bill with a different effective date. The bill provides a temporary tax credit for residential construction and remodeling projects. HB1307, HD1 requires a report to the legislature comparing the impact on jobs and the state budget for various tax credit applications. The effective date in the current draft is July 1, 2112. BIA-Hawaii wishes to amend the effective date to "upon approval".

In December, 2010, BIA-Hawaaii sponsored a presentationon "The Local Impact of Home Building in Honolulu County" by Dr. Elliot Eisenberg, Senior Economist of the National Association of Home Builders. Dr. Eisenberg's presentation focused on income, jobs and taxes generated by the building of 890 single family homes in the City & County of Honolulu. Using a national model and local statistics, the study indicated that in a one-year period, the building of 890 homes would result in \$356 million in local income, \$17.9 million in taxes and other revenue for local governments, and 4,933 local jobs.

The study also projected annually recurring impacts of building 890 single-family homes in Honolulu which include \$41.2 million in local income, \$5.3 million in taxes, and 643 local jobs.

:BIA-Hawaii would be happy to provide the Legislature with this study and would be willing to provide input on the report that is required by the bill. We would urge the Committee to amend the bill by making the effective date "upon approval". **To leave the effective date any later than upon approval would have a negative effect on our industry, just as the prospect of a**

**tax credit in the future caused the postponement of jobs last year. If the effective date for a tax credit is left for a later year, we would want the bill to be held.**

During these extremely difficult economic times for the construction industry, we would welcome this type of incentive to get projects started and put people back to work. The unemployment statistics in our industry are staggering and it is anticipated that it will take many years to get back to the era when we couldn't find enough skilled workers in the construction industry.

Thank you for the opportunity to share our views with you.

A handwritten signature in black ink that reads "Karen I. Nakamura". The signature is written in a cursive, flowing style.

Chief Executive Officer

BIA-Hawaii