

Honolulu, Hawaii

February 8, 2013

RE: H.B. No. 1422

H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Sir:

Your Committee on Veterans, Military, & International  
Affairs, & Culture and the Arts, to which was referred H.B. No.  
1422 entitled:

"A BILL FOR AN ACT RELATING TO HISTORIC STRUCTURES,"

begs leave to report as follows:

The purpose of this measure is to preserve Hawaii's history  
and encourage the rehabilitation of historic properties. Among  
other things, this bill:

- (1) Establishes the Historic Preservation Revolving Fund to be administered by the State Historic Preservation Division and to be expended for the Historic Preservation Income Tax Credit;
- (2) Establishes the Historic Preservation Income Tax Credit for the rehabilitation of historic structures approved by qualified staff of the State Historic Preservation Division;
- (3) Establishes parameters for the Historic Preservation Income Tax Credit;
- (4) Requires the Director of Taxation to prepare forms necessary for the claiming of the Historic Preservation Income Tax Credit;



- (5) Authorizes the Director of Taxation to require the taxpayer to furnish information to ascertain the validity of the claim for the Historic Preservation Income Tax Credit;
- (6) Sets an unspecified ceiling on the aggregate amount of tax credits that may be claimed for qualified rehabilitation projects;
- (7) Provides means for the recapture of the Historic Preservation Income Tax Credit should the taxpayer fail to meet certain requirements regarding the rehabilitation project; and
- (8) Requires the State Historic Preservation Division, in consultation with the Department of Taxation, to submit an annual report to the Legislature evaluating the effectiveness of the tax credit and its findings and recommendations to improve the effectiveness of the tax credit in order to further encourage the rehabilitation of historic properties.

The Department of Land and Natural Resources and Historic Hawaii Foundation testified in support of this bill. The Department of Budget and Finance, Department of Taxation, and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Clarifying that the State Historic Preservation Division, rather than the Hawaii Historic Places Review Board, monitor the annual projected tax credit amount and inform the Department of Taxation of this amount;
- (2) Clarifying that a taxpayer claiming the Historic Preservation Income Tax Credit submit the taxpayer's written, certified statement of qualified costs expended for the tax credit to the State Historic Preservation Division rather than the Hawaii Historic Places Review Board;
- (3) Changing its effective date to December 31, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Veterans, Military, & International Affairs, & Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1422, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1422, H.D. 1, and be referred to the Committee on Water & Land.

Respectfully submitted on  
behalf of the members of the  
Committee on Veterans,  
Military, & International  
Affairs, & Culture and the  
Arts,

  
K. MARK TAKAI, Chair



