STAND. COM. REP. NO.

479

Honolulu, Hawaii

February 17

, 2017

RE: H.B. No. 486 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 486 entitled:

"A BILL FOR AN ACT RELATING TO THE MORTGAGE INTEREST DEDUCTION,"

begs leave to report as follows:

The purpose of this measure is to eliminate the mortgage interest deduction for second homes under Hawaii income tax law and transfer an amount equivalent to the resulting revenue increase into the Rental Housing Revolving Fund.

The League of Women Voters of Hawaii testified in support of this measure. Hawaii Association of Realtors and two individuals opposed this measure. The Department of Taxation (DOTAX), Hawaii Housing Finance and Development Corporation, and Tax Foundation of Hawaii commented on this measure.

Your Committee notes DOTAX's testimony that the proposed elimination of the mortgage interest deduction in this measure may not return a revenue gain because taxpayers with second homes are likely to exceed the gross income threshold beyond which the applicable deduction becomes meaningless.

Upon consideration, your Committee has amended this measure by:

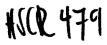
- (1) Deleting the provision requiring DOTAX to measure the amount of tax revenue gained due to the limitation and requiring that the amount be deposited into the Rental Housing Revolving Fund, and instead specifying that the revenue gain attributable to this measure be deposited into the Rental Housing Revolving Fund;
- (2) Changing its effective date to take effect upon a date to be determined to facilitate further discussion on this measure; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 486, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 486, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Housing,

TOM BROWER, Chair

State of Hawaii House of Representatives The Twenty-ninth Legislature



Record of Votes of the Committee on Housing

Bill/Resolution No.: HB 486	Committee Referral: Date:			7
HB 486 HSG, FIN 2/14/17 0 The committee is reconsidering its previous decision on the measure.				
The recommendation is to: θ Pass, unamended (as is) Pass, with amendments (HD) θ Hold θ Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)	/			
2. NAKAMURA, Nadine K. (VC)			SE SON DELINIOS CODER VICTORIA VICTORIA	18
3. AQUINO, Henry J.C.				
4. HASHEM, Mark J.	V		o karen era	
5. QUINLAN, Sean				
6. SAN BUENAVENTURA, Joy A.	and the state of t			
JAN BUENAVERTUKA, JUYA.				
7. McDERMOTT, Bob				
				V
				
			,	
			····	
				-
TOTAL (7)	6			1
The recommendation is: 8 Adopted 9 Not Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: Madrie K. Makum				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				