

STAND. COM. REP. NO.

645

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 1394
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred S.B. No. 1394 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a historic preservation income tax credit; and
- (2) Appropriate funds for one temporary position to assist with the establishment and administration of the Hawaii historic preservation income tax credit program.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources, Historic Hawai'i Foundation, Minatoishi Architects, O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, and one individual. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that tax incentives for rehabilitation of historic structures have been proven to be enormously effective in preserving important buildings; ensuring their continued economic viability; revitalizing communities, especially historic downtowns; preserving community character; and promoting heritage tourism. Tax credits for rehabilitation of historic structures



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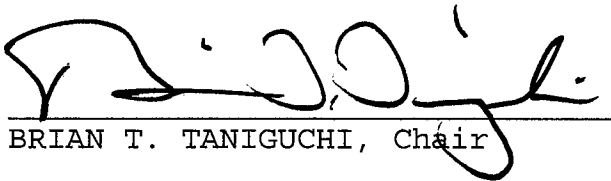
also provides an incentive to promote rehabilitation of income producing historic properties and provide affordable housing. Many states already provide tax credits for the rehabilitation of historic structures. National studies have found that historic rehabilitation tax credits spurred economic development and increased direct revenues that offset the tax credit expense. This measure will establish a historic rehabilitation tax credit, which will benefit affordable housing, tourism, neighborhood revitalization, and the economy as a whole.

Your Committee notes that due to the complexity of the proposed historic preservation income tax credit and the amendments proposed by several testifiers at the hearing, your Committee will continue to work with the interested parties and your Committee on Ways and Means in order to craft substantive amendments to better effectuate the intent of this measure.

Your Committee has amended this measure by inserting an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Labor, Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1394, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1394, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Labor, Culture and
the Arts,



BRIAN T. TANIGUCHI, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Labor, Culture and the Arts
LCA

Bill / Resolution No.:*	Committee Referral:	Date:		
<i>SB 1394</i>	<i>LCA, WAM</i>	<i>2-14-19</i>		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
IHARA, Jr., Les (VC)	✓			
CHANG, Stanley	✓			
GABBARD, Mike	✓			
FEVELLA, Kurt				✓
TOTAL	<i>4</i>	<i>0</i>	<i>0</i>	<i>1</i>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Yee Chang Jr.</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes