

Honolulu, Hawaii

MAR 21 2019

RE: H.B. No. 1533  
H.D. 1  
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 H.B. No. 1533, H.D. 1, 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 establish a historic preservation tax credit for qualified construction expenses incurred in the rehabilitation of income producing historic structures, with an enhanced tax credit for income-producing historic structures that provide affordable housing units.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources, Historic Hawai'i Foundation, and Minatoishi Architects. Your Committee received comments on this measure from the Department of Taxation.

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 also provides an incentive to promote rehabilitation of income producing historic properties and provide affordable housing.



Your Committee further finds that many states already provide tax credits for the rehabilitation of historic structures. National studies have found that historic rehabilitation tax credits spur economic development and increase 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 the testimony of the Department of Land and Natural Resources that clarifying language may be necessary to refine and strengthen this measure. Your Committee further notes that S.B. 1394, S.D. 2 (Regular Session of 2019), which was previously passed by the Senate, is a substantially similar measure that also establishes a historic rehabilitation tax credit. Your Committee concludes that the language in S.B. 1394, S.D. 2, is preferable because it already incorporates the suggested clarifying amendments provided in testimony.

Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents and inserting the contents of S.B. 1394, S.D. 2, a substantially similar measure, which:
  - (A) Establishes a historic preservation income tax credit; and
  - (B) Appropriates funds for one temporary position to assist with the establishment and administration of the historic preservation income tax credit program;
- (2) Inserting an effective date of January 1, 2020; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 H.B. No. 1533, H.D. 1, as amended herein, and recommends that it



pass Second Reading in the form attached hereto as H.B. No. 1533, H.D. 1, 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,



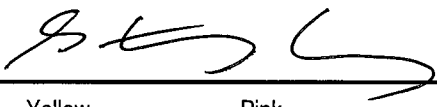
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BRIAN T. TANIGUCHI, Chair



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>HB 1533, HD1</i>	<i>LCA, WAM</i>	<i>3/12/2019</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				✓
<b>TOTAL</b>	<i>3</i>	<i>0</i>	<i>0</i>	<i>2</i>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>				
Chair's or Designee's Signature:				
				
<b>Distribution:</b>				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes