

Honolulu, Hawaii

FEB 17 2022

RE: S.B. No. 2255
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2255 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Make inoperative the mortgage interest deduction for second homes under Hawaii income tax law; and
- (2) Require the Department of Taxation to calculate the savings and transfer an equivalent amount of income tax revenues to the Director of Finance for deposit into the Rental Housing Revolving Fund.

Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS. Your Committee received comments on this measure from the Department of Budget and Finance, Department of Taxation, and Tax Foundation of Hawaii.

Your Committee finds that the mortgage interest deduction as applied to second homes reduces the State's tax revenue and incentivizes the ownership of multiple homes. Not allowing the deduction would generate increased revenues for the State and disincentivize the accumulation of multiple homes, which



undermines the State's efforts to expand access to affordable housing.

Your Committee has amended this measure by:

- (1) Requiring that amounts derived from the suspension of the mortgage interest deduction on second homes be deposited into the general fund; and
- (2) 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 Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2255, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2255, S.D. 1, and be referred to your Committee on Ways and Means.


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


STANLEY CHANG, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2255	HOU, WAM	2/15/22		
<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
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
MORIWAKI, Sharon Y.	✓			
RHOADS, Karl	✓			
FEVELLA, Kurt	✓			
TOTAL	5			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes