

STAND. COM. REP. NO.

894

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 924

S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 924, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to increase state funds.

More specifically, this measure:

- (1) Eliminates the home mortgage interest deduction for second homes under Hawaii income tax law; and
- (2) Requires the amount of state tax revenues gained by eliminating the deduction to be deposited into the Dwelling Unit Revolving Fund.

Your Committee received written comments in support of this measure from one individual.

Your Committee received written comments in opposition to this measure from the Hawaii Association of Public Accountants and Hawaii Association of REALTORS.



Your Committee received written comments on this measure from the Department of Budget and Finance, Department of Taxation, and Tax Foundation of Hawaii.

Your Committee notes the comments of the Department of Taxation, stating that it would not be able to calculate the actual amount of revenue gained as a result of eliminating the home mortgage interest deduction for second homes under Hawaii income tax law, as doing so would require the calculation of alternative tax liabilities for each taxpayer.

Your Committee has amended this measure by:

- (1) Removing the requirement that state tax revenues be deposited into the Dwelling Unit Revolving Fund;
- (2) Clarifying that section 2 of the measure shall apply to taxable years beginning after December 31, 2022;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 924, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 924, S.D. 2.

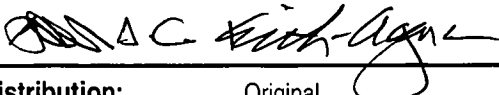
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 924, SD1	HOU, WAM	2/28/23		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt		X		
TOTAL	12	1		
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes