

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 924  
S.D. 1

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

Sir:

Your Committee on Housing, to which was referred S.B. No. 924 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Eliminate the home mortgage interest deduction for second homes under Hawaii income tax law; and
- (2) Require the amount of state revenue gained by eliminating the deduction to be deposited into the Rental Housing Revolving Fund.

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

Your Committee finds that more incentives should be directed toward helping residents purchase their first home, rather than toward encouraging ownership of a second home. Not allowing the deduction of mortgage interest for a second home would generate revenues for the State and expand access to affordable housing.



Your Committee has amended this measure by requiring the amount of state revenue gained by eliminating the mortgage interest deduction for a second home to be deposited into the Dwelling Unit Revolving Fund.

Should your Committee on Ways and Means choose to deliberate on this measure, your Committee respectfully requests that it, along with the Department of Taxation, explore ways to best assess the amount of state revenue that will be generated from eliminating the home mortgage interest deduction as provided in this measure.

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. 924, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 924, S.D. 1, and be referred to your Committee on Ways and Means.

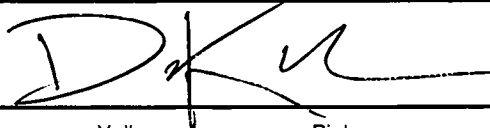
Respectfully submitted on  
behalf of the members of the  
Committee on Housing,

  
\_\_\_\_\_  
STANLEY CHANG, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Housing**  
**HOU**

Bill / Resolution No.:* <b>SB 924</b>	Committee Referral: <b>HOU, WAM</b>	Date: <b>02/14/2023</b>		
<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)	✓			
AQUINO, Henry J.C.	✓			
RHOADS, Karl	✓			
AWA, Brenton			✓	
<b>TOTAL</b>	<b>4</b>		<b>1</b>	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy				

\*Only one measure per Record of Votes