

Honolulu, Hawaii

MAR 23 2011

RE: H.B. No. 1307
H.D. 1
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Economic Development and Technology, to which was referred H.B. No. 1307, H.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:

- (1) Provide a temporary nonrefundable tax credit equal to four percent of residential construction and remodeling costs; and
- (2) Require the Department of Taxation to report to the Legislature prior to the 2012 Regular Session comparing the impact on jobs and the state budget for various tax credit applications.

Your Committee received testimony in support of this measure from the Department of Taxation, General Contractors Association of Hawaii, Subcontractors Association of Hawaii, Hawai'i Association of REALTORS, Building Industry Association of Hawaii, and The Pacific Resource Partnership. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee on Ways and Means previously heard and amended a companion measure, S.B. No. 654. Your Committee has amended

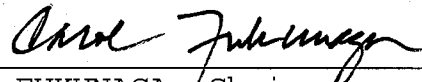


this measure by deleting its contents and replacing them with the language in S.B. No. 654, S.D. 1. As amended, this measure:

- (1) Sets forth a findings and purpose section;
- (2) Establishes a temporary refundable ohana residential housing income tax credit equal to the lesser of either two percent of the purchase price of a qualified principal residence, or \$6,000; and
- (3) Changes the effective date from July 1, 2112, to July 1, 2050, to allow for further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1307, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1307, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Technology,


CAROL FUKUNAGA, Chair



