

STAND. COM. REP. NO.

569

Honolulu, Hawaii

MAR 04 2011

RE: S.B. No. 654
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 Ways and Means, to which was referred S.B. No. 654 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to provide a boost to the construction industry by providing a temporary tax credit for residential construction and remodeling projects.

Your Committee received comments on this measure from Tax Foundation of Hawaii; and Dave Arakawa, Executive Director, Land Use Research Foundation of Hawaii.

Your Committee finds that new tax incentives for the purchase of new homes would help to end the current economic malaise by creating new jobs and stimulating the local economy.

Your Committee has amended this measure by deleting its contents and inserting the contents of Senate Bill 771, which establishes a refundable ohana residential housing income tax credit for qualified taxpayers that purchase a qualified principal residence on or after April 1, 2011, and before January 1, 2013, that is payable to the qualified taxpayer in two equal installments over the immediately following two taxable years.

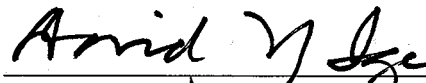


The measure was subsequently amended by:

- (1) Deleting the definitions of "principal residence" and "newly constructed principal residence" and making conforming amendments;
- (2) Clarifying the definition of "qualified principal residence";
- (3) Clarifying that the phrase "the homeowner's exemption" means a county homeowner's exemption;
- (4) Clarifying that the term "closes" means to close escrow;
- (5) Clarifying that the reference to adjusted gross income of a married couple means the combined adjusted gross income of the couple;
- (6) Changing the effective date to July 1, 2050, to facilitate further discussion; and
- (7) Making technical, nonsubstantive amendments for the purpose of clarity and consistency.

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. 654, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 654, S.D. 1, and be placed on the calendar for Third Reading.

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

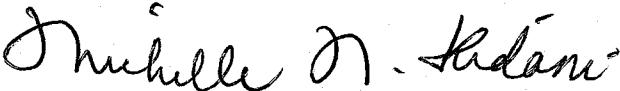


DAVID Y. ISE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 654	WAM	3-1-11		
<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
IGE, David Y. (C)	/			
KIDANI, Michelle N. (VC)	/			
CHUN OAKLAND, Suzanne	/			
DELA CRUZ, Donovan M.				/
ENGLISH, J. Kalani	/			
ESPERO, Will	/			
FUKUNAGA, Carol	/			
KIM, Donna Mercado	/			
KAHELE, Gilbert	/			
KOUCHI, Ronald D.	/			
RYAN, Pohai	/			
TOKUDA, Jill N.	/			
WAKAI, Glenn	/			
SLOM, Sam	/			
TOTAL	13	0	0	1
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