

STAND. COM. REP. NO.

479

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 486
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 486
entitled:

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

begs leave to report as follows:

The purpose of this measure is to eliminate the mortgage
interest deduction for second homes under Hawaii income tax law
and transfer an amount equivalent to the resulting revenue
increase into the Rental Housing Revolving Fund.

The League of Women Voters of Hawaii testified in support of
this measure. Hawaii Association of Realtors and two individuals
opposed this measure. The Department of Taxation (DOTAX), Hawaii
Housing Finance and Development Corporation, and Tax Foundation of
Hawaii commented on this measure.

Your Committee notes DOTAX's testimony that the proposed
elimination of the mortgage interest deduction in this measure may
not return a revenue gain because taxpayers with second homes are
likely to exceed the gross income threshold beyond which the
applicable deduction becomes meaningless.

HB486 HD1 HSCR HSG HMS 2017-2254

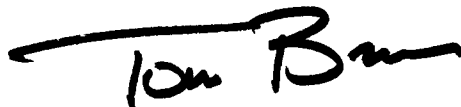


Upon consideration, your Committee has amended this measure by:

- (1) Deleting the provision requiring DOTAX to measure the amount of tax revenue gained due to the limitation and requiring that the amount be deposited into the Rental Housing Revolving Fund, and instead specifying that the revenue gain attributable to this measure be deposited into the Rental Housing Revolving Fund;
- (2) Changing its effective date to take effect upon a date to be determined to facilitate further discussion on this measure; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 H.B. No. 486, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 486, H.D. 1, and be referred to your Committee on Finance.

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



TOM BROWER, Chair



