

STAND. COM. REP. NO.

1129

Honolulu, Hawaii

MAR 01 2019

RE: S.B. No. 1394

S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1394, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HISTORIC PRESERVATION,"

begs leave to report as follows:

The purpose and intent of this measure is to facilitate the rehabilitation of historic structures.

More specifically, this measure:

- (1) Establishes a historic preservation income tax credit; and
- (2) Appropriates funds for one temporary position within the State Historic Preservation Division to assist with the establishment and administration of the historic preservation income tax credit program.

Your Committee received written comments in support of this measure from the Department of Land and Natural Resources, Land Use Research Foundation of Hawaii, and Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii.

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



Your Committee finds that thirty-eight states provide tax credits for the rehabilitation of historic structures. Your Committee also finds that establishing a similar tax credit in Hawaii would promote the comprehensive state historic preservation program established by chapter 6E, Hawaii Revised Statutes.

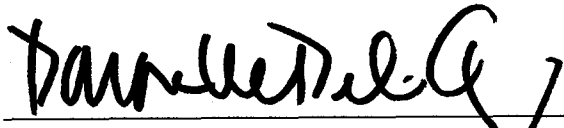
Your Committee has amended this measure by:

- (1) Changing the tax credit from refundable to nonrefundable;
- (2) Disallowing the tax credit if a deduction is claimed for the same expenses;
- (3) Inserting provisions to reduce the basis of depreciable property by the amount of the tax credit;
- (4) Clarifying that recapture of the tax credit shall occur when the Department of Taxation is informed by the Department of Land and Natural Resources that the taxpayer has failed to comply with the requirements of the tax credit;
- (5) Requiring the taxpayer to file the certificate issued by the State Historic Preservation Division along with the taxpayer's tax return to the Department of Taxation;
- (6) Authorizing in statute, rather than session law, the Department of Land and Natural Resources to collect fees to offset the costs of certifying tax credit claims; and
- (7) Making technical nonsubstantive amendments for purposes of consistency, clarity, 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. 1394, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1394, S.D. 2.



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

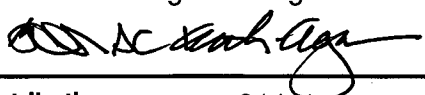


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
SB1394 SD1	LCA, WAM	2/19/19
<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	
ENGLISH, J. Kalani	X	
HARIMOTO, Breene		X
INOUYE, Lorraine R.	X	
KAHELE, Kaiali'i	X	
KANUHA, Dru Mamo	X	
KIDANI, Michelle N.	X	
MORIWAKI, Sharon Y.	X	
RIVIERE, Gil	X	
SHIMABUKURO, Maile S.L.	X	
TANIGUCHI, Brian T.		X
FEVELLA, Kurt	X	
TOTAL	11	2
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