

## LEGISLATIVE CONNECTION

February 21, 2008 (Vol. 17)

We recently reached First Lateral in the Legislature, the deadline for bills to be passed out of initial referral committees to go to their final committee in the originating chamber. Hearings have been interesting and full of diverse ideas, as always. These are some of the bills that passed out of the Senate Committee on Economic Development and Taxation, of which I am Vice-Chair.

### ELDERLY ISSUES

Hawaii leads the nation in taking care of family members, consistently ranking high in social work and public health studies on the quality of life for the elderly. Family members often make financial sacrifices to be available to perform the tasks needed. SB 2049 would give some tax relief to these families through a \$1,000 **caregivers tax credit**.

SB 2047 would give an **accommodation tax credit** to families who incur costs of modifying their homes to care for disabled or elderly members. The credit is fifty percent of the qualified costs of renovating the residence with accessibility features, with maximums of \$5,000 for an unmarried person, \$7,500 for a head of household, or \$10,000 for a joint return. Such qualifying modifications include entering and exiting a home or maneuvering within the home; or safety features that are needed for using sinks, toilets, tubs, or showers.

Seniors on a fixed income who want to save on their utility bills by going green will benefit from SB 2986. Taxpayers whose sole source of income is derived from pension benefits or have an adjusted gross income of \$20,000 or less, can take a **refundable renewable energy tax credit** for the purchase and installation of a solar water heating, or photovoltaic or wind system that generates heat, electricity, or cooling.

### TAKING CARE OF THE AINA

Land conservation can take many forms: protecting open space for scenic value; protecting natural areas for wildlife habitat, biological diversity, or native forest cover; and preserving forests, agricultural lands, watersheds, streams, rainfall areas, recreational trails, and historic or cultural property. SB 2198 gives a tax credit to encourage **preservation and protection of conservation land**.

Along those lines, SB 2561 establishes a tax credit for the **rehabilitation of historic structures**. To be eligible for the credit, the rehabilitation plan must meet standards and criteria, and preserve the historic character of the building. The state historic

preservation division must approve the rehabilitation plans for the taxpayer to qualify for the credit.

## EDUCATING OUR KEIKI

SB 2660 establishes the **Hawaii College Savings Program**, to encourage saving for college by giving an annual deduction up to \$5,000 per person or \$10,000 per married couple for contributions made into an IRS Section 529 savings account. Up to \$75,000 per college savings account can be deducted over the period of contributions.

For public school teachers, SB 2300 establishes a **professional development and training expense tax credit**. The credit is available for courses the teacher is certified to teach or becomes certified to teach within one year after completing the course. No double dipping: the teacher has to choose to deduct the cost as an itemized business expense or take the tax credit.

Engineering and technology professionals are much needed in society, but the numbers of students pursuing these careers has been in sharp decline. Each year the International Robot Maze Contest is held in Japan. No high school from the United States ever entered the contest, until last year when 17 students from Hawaii's Waikeha High School Robotics Team took their creations to Japan and won several honors. Competing against 34 international teams, including 28 universities, Hawaii's team won the "Fully Autonomous Micro Robot Maze" competition and the "Best Effort" award, as well as third and fourth place in two other categories. SB 2333 would research the feasibility of **creating an institute of robotics** within the University of Hawaii College of Engineering to expand the opportunities for our students and encourage the technology industry to consider Hawaii as a technology axis for the Pacific.

## FUEL

Skyrocketing prices have made fuel the highest operating cost for airlines. Fuel for out-of-state flights is exempt from general excise and use taxes, but fuel for intrastate flights is not. SB 2913 **exempts fuel for in-state flights from these taxes**, and should help reduce interisland airfares.

Diesel run vehicles are among the most fuel efficient, with considerably higher mileage than those that run on regular gas. Biodiesel burns cleaner, doesn't have to be imported (with the transportation costs added), provides jobs, and keeps local dollars circulating within the community. SB 3215 provides various market stimulation incentives for **developing a biodiesel industry** in Hawaii. Among these: making state agricultural lands available for biodiesel fuel crops; establishing a state biodiesel

feedstock crop and fuel purchasing program; creating tax exemptions for biomass crushing facilities and lands used for biodiesel feedstock crops.

*I represent Ewa and lower Waipahu (20<sup>th</sup> district). I chair the Public Safety Committee, am Vice Chair of the Economic Development and Taxation Committee, and a member of the Transportation and International Affairs Committee and the Commerce, Consumer Protection and Affordable Housing Committee. You can reach my office by phone at 586-6360, by fax at 586-6361, or e-mail at SenEspero@Capitol.Hawaii.gov. My website is EsperoWill.com.*