

STAND. COM. REP. NO. 1444

Honolulu, Hawaii

March 23, 2007

RE: S.B. No. 1919
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Human Services & Housing, to which was referred S.B. No. 1919, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ASSET BUILDING,"

begs leave to report as follows:

The purpose of this bill is to provide comprehensive assistance for individuals to reach self-sufficiency by, among other things:

- (1) Requiring the Department of Business, Economic Development, and Tourism (DBEDT) to annually establish a self-sufficiency standard to reflect the cost of living in Hawaii;
- (2) Requiring certain public assistance payments to be based on the self-sufficiency standard;
- (3) Establishing an Earned Income Tax Credit (EITC);
- (4) Requiring the Department of Human Services (DHS) to offer financial education to applicants for and recipients of Temporary Assistance for Needy Families (TANF) and appropriating funds for this purpose;

SB1919 HD1 HSCR HSH HMS 2007-3388



1444

- (5) Requiring DHS to provide technical and administrative assistance to fiduciary organizations participating in the State's Individual Development Account (IDA) program, and allowing DHS to expend funds for IDAs; and
- (6) Appropriating \$2,000,000 for fiscal year 2007-2008 for fiduciary organizations to conduct IDA programs.

The Hawaii State Commission on the Status of Women, Hawaii County Office on Aging, Aloha United Way, Asset Building Initiative of Hawaii, Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, Hawaii Alliance for Community-Based Economic Development, Hawaii HomeOwnership Center, 3Point, ALU LIKE, Inc., Hawaii Women Work, Hawaii Chapter of the National Association of Social Workers, and several concerned individuals testified in support of this bill. DBEDT and the Department of Taxation (DOTAX) supported the intent of this measure. DHS and the Tax Foundation of Hawaii provided comments.

Your Committee respectfully requests the Committee on Finance to consider some of the concerns raised by testifiers, including the cost implications for DBEDT, which are an estimated \$30,000 to \$100,000. DOTAX stated that there may be compliance issues with the Internal Revenue Service with regard to the EITC because of improperly paid claims and high error rates. The Tax Foundation of Hawaii also expressed concerns with the EITC.

DHS suggested the TANF cap on work support programs be increased by an estimated \$500,000, and noted that the use of TANF funds for IDAs tied to the federal IDA program may place limitations on what the money may be used for. DHS also suggested that it be authorized to contract for services related to IDAs.

Accordingly, your Committee has amended this bill by, among other things:

- (1) Allowing DHS to contract for services related to IDAs;
- (2) Removing the provisions limiting IDAs to \$100,000 for five years;
- (3) Appropriating \$2,000,000 for each year of the 2007-2009 fiscal biennium for IDA programs; and



- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services & Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1919, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1919, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Human Services &
Housing,



KARL RHOADS, Acting Chair and
Vice Chair



