

Honolulu, Hawaii

February 16, 2018

RE: H.B. No. 1920
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1920 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to establish an income tax credit for the cost of construction or renovation of residential property that results in compliance with residential housing visitability standards that allow a person with a disability to visit or use the property.

The State Council on Developmental Disabilities and Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii supported this measure. The Department of Taxation, Hawaii Housing Finance and Development Corporation, and Center on Disabilities Studies at the University of Hawaii offered comments.

Your Committee finds that housing for individuals with disabilities should meet their needs and allow the individuals to integrate into the community in a way that is socially-inclusive.

Your Committee has amended this measure by:

- (1) Clarifying that the tax credit will be for a portion, not all, of the qualified construction and renovation



expenses incurred to comply with visitability standards, up to a specified cap on the credit;

- (2) Specifying that the distribution and share of the credit shall be determined by applying Section 704 of the Internal Revenue Code to prevent ambiguity in how the credit is distributed for pass-through entities;
- (3) Limiting the tax credit to one credit per tax map key number;
- (4) Specifying that the tax credit will apply to taxable years after December 31, 2018, to allow the Department of Taxation to update its systems to implement the tax credit;
- (5) Clarifying that the visitability standards are the specifications designated as "Type C," which is the lowest level of accessibility according to international and United States building code standards;
- (6) Deleting the section establishing the tax credit for bed and breakfasts because construction or renovation of a bed and breakfast is eligible for the credit applicable to residential housing; and
- (7) Making technical, nonsubstantive amendments for the purposes of 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. 1920, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1920, 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



