Honolulu, Hawaii February 15, 2018

RE: H.B. No. 2703 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. 2703 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING AFFORDABILITY,"

begs leave to report as follows:

The purpose of this measure is to provide some relief to lowincome residents by amending certain tax provisions.

Specifically, this measure:

- (1) Allocates a portion of conveyance tax revenues to the rental assistance revolving fund to be used by the Hawaii Housing Finance and Development Corporation to subsidize rents for persons who meet income requirements;
- (2) Increases the income tax credit for low-income household renters; and
- (3) Converts the state earned income tax credit into a refundable tax credit and changes the amount of the credit to an unspecified percentage of the federal earned income tax credit.

The Office of Hawaiian Affairs, Hawaii Appleseed Center for Law and Economic Justice, League of Women Voters of Hawaii, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, and one individual testified in support of this measure. The Hawaii Association of REALTORS testified in opposition. Department of Taxation, Hawaii Housing Finance and Development Corporation, and Tax Foundation of Hawaii provided comments.

Your Committee finds that decreasing the tax burden on low-income wage earners will provide those wage earners with much-needed financial flexibility to address their needs. These adjustments will assist low-income wage earners without adversely affecting the State's fiscal status.

Your Committee has amended this measure by:

- (1) Changing its effective date to January 1, 2050, to promote further discussion; and
- (2) 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. 2703, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2703, 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

State of Hawaii House of Representatives The Twenty-ninth Legislature

HSCR 478-18

Record of Votes of the Committee on Housing

Bill/Resolution No.: HB 2703	Committee Referral: HSG, FIN			Date: 2/8/18	
☐ The committee is reconsidering its prev		•			
	unamended (a short form bill		ss, with amendme	nts (HD)	
HSG Members		Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)				.,	
2. NAKAMURA, Nadine K. (VC)					
		Majali.			
3. AQUINO, Henry J.C.	State of the second second	J			
4. HASHEM, Mark J.					
5. QUINLAN, Sean					
6. SAN BUENAVENTURA, Joy A		<u> </u>			
o. SAN BUENA VENTURA, Joy A					
7. MCDERMOTT, Bob	<u> </u>				
		•			
				+	
TOTAL (7)		0			
The recommendation is: If joint	referral,	□ Not Adop	did not su	apport recommendatio	n.
Vice Chair's or designee's signature:	Mulhi	K. Mu	hr.		
Distribution: Original (White) – Commi	ittee Du	plicate (Yellow)	- Chief Clerk's Of	ffice Duplicate (I	Pink) – HMSO