

STAND. COM. REP. NO.

**2058**

Honolulu, Hawaii

**FEB 08 2018**

RE: S.B. No. 2595  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2595 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to establish an income tax credit for qualified expenses incurred for the construction or renovation of residential housing or a bed and breakfast that complies with certain accessibility, or visitability, standards.

Your Committee received testimony in support of this measure from the College of Education's Center on Disability Studies at the University of Hawaii at Manoa, and Hawaii Disability Rights Center. Your Committee received comments on this measure from the Department of Taxation, Hawaii Housing Finance and Development Corporation, and Tax Foundation of Hawaii.

Your Committee finds that as Hawaii's population ages, there is an increased need to provide housing with accessibility and community integration for individuals with mobility impairments. By providing tax incentives for the construction or renovation of housing that meets visitability standards, this measure will assist in reducing barriers to aging in place and facilitating multigenerational or accessible living.



Your Committee has amended this measure by:

- (1) Adopting the language suggested by the Department of Taxation that:
  - (A) Changes the definition of "housing visitability standards" to include the specific requirements under the definition of "qualified expenses" to establish a fixed standard and avoid ambiguities;
  - (B) Replaces the term "qualified expenses" with "actual costs" and defines actual costs to mean the costs of construction and renovation that are necessary and directly incurred by the taxpayer to meet the housing visitability standards;
  - (C) For a partnership, S corporation, estate, or trust claiming the tax credit, changes the language regarding the distribution and share of credit to be determined the same as under section 704 of the Internal Revenue Code, rather than by rule, to avoid any ambiguity in how the tax credit is distributed for pass-through entities;
  - (D) Changes the amount of the tax credit that may be claimed per taxpayer from one hundred percent of the actual costs to no more than seventy-five percent of the actual costs, for the purposes of avoiding cost inflation;
  - (E) Inserts language to limit the claiming of the tax credit to a single tax map key to avoid multiple taxpayers from claiming a tax credit for the same actual costs incurred;
  - (F) Inserts language to prohibit a taxpayer from claiming a residential housing visitability standards tax credit and a bed and breakfast visitability standards tax credit for the same actual costs incurred; and
  - (G) Makes the tax credit apply to taxable years beginning after December 31, 2018, rather than



December 31, 2017, to allow the Department of Taxation sufficient time to implement the new tax credits; and

- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 2595, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2595, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Housing,



---

WILL ESPERO, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Housing**  
**HOU**

|   |  |                         |
|---|--|-------------------------|
| Bill / Resolution No.:*<br><i>SB 2595</i> | Committee Referral:<br><i>HOU, WAM</i> | Date:<br><i>1/30/18</i> |
|---|--|-------------------------|

The Committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312    
  Pass, with amendments 2311    
 Hold 2310    
 Recommit 2313

| Members                | Aye      | Aye (WR) | Nay | Excused  |
|------------------------|----------|----------|-----|----------|
| ESPERO, Will (C)       | ✓        |          |     |          |
| HARIMOTO, Breene (VC)  | ✓        |          |     |          |
| GREEN, Josh            | ✓        |          |     |          |
| KAHELE, Kaiali'i       | ✓        |          |     |          |
| NISHIHARA, Clarence K. |          |          |     | ✓        |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
|                        |          |          |     |          |
| <b>TOTAL</b>           | <i>4</i> |          |     | <i>1</i> |

Recommendation:    
 Adopted    
 Not Adopted

Chair's or Designee's Signature:  
*Breene Harimoto*

Distribution:    
 Original     Yellow     Pink     Goldenrod  
 File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy

\*Only one measure per Record of Votes