

STAND. COM. REP. NO.

2189

Honolulu, Hawaii

FEB 12 2018

RE: S.B. No. 2856
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. 2856 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Amend the low-income household renters income tax credit to broaden its application to move taxpayers and to increase the amount of the credit for certain qualified taxpayers; and
- (2) Use the consumer price index to adjust the amount of tax credit that may be claimed by a taxpayer.

Your Committee received testimony in support of this measure from the Hawaii Appleseed Center for Law & Economic Justice, Americans for Democratic Action Hawai'i, Hawai'i Alliance for Community-Based Economic Development, Hawaiian Community Assets, Planned Parenthood Votes Northwest and Hawaii, Catholic Charities Hawai'i, Parents and Children Together, YWCA O'ahu, Hawaii Children's Action Network, Women's Caucus of the Democratic Party of Hawai'i, and thirteen individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.



Your Committee finds that the income tax credit for low-income household renters was established forty years ago to help make up for the high rents and tax rates that burden low-income and moderate-income earners. However, this income tax credit has not been routinely updated to account for inflation. In light of the fact that Hawaii has the highest homeless rate per capita and some of the highest cost burdens of any state in the nation, this measure contributes to a comprehensive strategy to meet the State's affordable housing goals.

Your Committee has amended this measure by adopting the language suggested by the Department of Taxation that:

- (1) Amends the definition of "adjusted gross income" to mean the same as defined by the Internal Revenue Code, rather than section 235-1, Hawaii Revised Statutes;
- (2) Amends the index to which the term "consumer price index" refers and changes the reference from the United States Department of Labor to the United States Bureau of Labor Statistics as the consumer price index publishing source under the definition of "consumer price index"; and
- (3) Amends the method for adjusting the amount of the tax credit that may be claimed by the taxpayer based on the consumer price index.

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. 2856, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2856, 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,

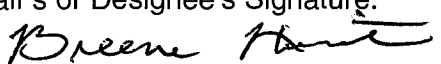


WILL ESPERO, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Housing
HOU

| | | | | |
|--|--|------------------------|-----|----------|
| Bill / Resolution No.:* SB 2856 | Committee Referral: HOU, WAM | Date: 2/1/18 | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| ESPERO, Will (C) | ✓ | | | |
| HARIMOTO, Breene (VC) | ✓ | | | |
| GREEN, Josh | ✓ | | | |
| KAHELE, Kaiali'i | | | | ✓ |
| NISHIHARA, Clarence K. | | | | ✓ |
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| TOTAL | 3 | | | 2 |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature:  | | | | |
| Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy | | | | |

*Only one measure per Record of Votes