

Honolulu, Hawaii

MAR 22 2019

RE: H.B. No. 334  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B.  
No. 334, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INDIVIDUAL DEVELOPMENT  
ACCOUNTS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Expand eligibility for state-funded individual development accounts to households with income up to 100 percent of the area median income;
- (2) Expand authorized uses of account funds to costs associated with rental housing, public transportation, and purchasing or repairing a motor vehicle;
- (3) Clarify certain requirements for fiduciary organizations;
- (4) Require the Department of Business, Economic Development, and Tourism to certify contributions for purposes of the tax credit;



- (5) Establish requirements for fiduciary organizations to maintain state match funds for individual development accounts; and
- (6) Reactivate the individual development account tax credit for taxable years 2020 through 2024.

Your Committee received testimony in support of this measure from the Department of Taxation, Office of Hawaiian Affairs, Hawaiian Community Assets, Hawaii Credit Union League, Hawaii State Federal Credit Union, Council for Native Hawaiian Advancement, and Hawai'i Alliance for Community-Based Economic Development. Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism and Tax Foundation of Hawaii.

Your Committee finds that the high costs of living in the State inhibit individuals from obtaining necessary financial security to maintain a sustainable lifestyle in Hawaii. Your Committee further finds that individual development accounts are matched savings accounts that enable low- and moderate-income individuals to save, build assets, obtain stable housing, and ensure a financially secure future. Individual development accounts assist eligible individuals who require financial assistance in building toward an asset, such as buying a home, paying for college, or starting a small business. Your Committee believes that an individual development account would be better utilized if the authorized uses are expanded to include costs associated with rental housing, public transportation, and purchasing or repairing a motor vehicle, as proposed by this measure.

Your Committee has amended this measure by:

- (1) Changing references from the Business Development and Support Division of the Department of Business, Economic Development, and Tourism to the Department of Human Services, thereby reinstating the Department of Human Services as the manager of fiduciary organizations' responsibilities and certifier of individual development account tax credits;



- (2) Clarifying that the State shall match an amount of up to \$100,000 per calendar year for individual development accounts per qualified fiduciary organization in a given year;
- (3) Inserting an effective date of July 1, 2075, to encourage further discussion; and
- (4) 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 H.B. No. 334, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 334, H.D. 1, 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,

  
STANLEY CHANG, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

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

Bill / Resolution No.:* <b>HB 334, HD1</b>	Committee Referral: <b>HOU, WAM</b>	Date: <b>3/19/2019</b>		
<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
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
MORIWAKI, Sharon Y.	✓			
THIELEN, Laura H.	✓			
FEVELLA, Kurt				✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes