

STAND. COM. REP. NO. 321

Honolulu, Hawaii

FEB 14 2019

RE: S.B. No. 1310  
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 S.B. No. 1310 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the individual housing accounts savings program and the individual housing accounts savings program administrative fund;
- (2) Require the Board of Directors of the individual accounts savings program to submit an annual report to the Governor and Legislature; and
- (3) Make an appropriation for the program.

Your Committee received testimony in support of this measure from the O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i and one individual. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that the high cost of housing in Hawaii prevents residents from being able to become homeowners. Your Committee further finds that individual housing accounts are



savings vehicles that assist individuals to purchase their first principal residence. While distributions are taxed, contributions to individual housing accounts are tax deductible, helping the taxpayer to save up to purchase a first principal residence. This measure allows for better management of individual housing accounts and help many residents of the State to become first-time homeowners.

Your Committee notes the success of the Oregon Retirement Savings Act and the Central Provident Fund of Singapore in helping their respective residents save for retirement and purchase their first residence.

Your Committee has amended this measure by:


- (1) Allowing a taxpayer to open an individual housing account for a dependent upon providing a birth certificate and social security number of the dependent to the Director of Taxation and requiring the Director of Taxation to prepare any forms necessary to establish an individual housing account in the name of the dependent;
- (2) Authorizing the use of an individual housing account to provide assistance during economic hardships, for capital improvements for homeownership, cemetery and mortuary services, and senior housing;
- (3) Requiring a taxpayer to pay a penalty of 10 percent of any amounts distributed less than 365 days from the date on which the amounts were made as a contribution to the individual housing account;
- (4) Allowing the use of an individual housing account to provide funding for the first month's rent or a rental deposit on a dwelling place that is the principal residence, and to provide funding for downpayment assistance or closing costs on a principal residence;
- (5) Authorizing community development financial institutions to serve as trustees of an individual housing account; and



- (6) 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. 1310, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1310, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.


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>SB 1310</b>	Committee Referral: <b>HOU, WAM/JDC</b>	Date: <b>2/7/2019</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