

Honolulu, Hawaii

FEB 12

, 2020

RE: H.B. No. 1957

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1957 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this measure is to adjust the eligibility requirements under the income tax credit for low-income household renters by increasing the:

- (1) Adjusted gross income threshold from \$30,000 to \$50,000; and
- (2) Amount used to calculate the tax credit from \$50 to \$200.

Your Committee received testimony in support of this measure from the Hawaii Health & Harm Reduction Center; Pono Hawaii Initiative; League of Women Voters; Americans for Democratic Action-Hawaii; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; and three individuals. Your Committee received comments on this measure from the Department of Taxation, Hawaii Appleseed Center for Law & Economic Justice, Hawaii Children's Action Network Speaks, IMUAlliance, Tax Foundation of Hawaii, Hawaii Alliance for Progressive Action, and Faith Action for Community Equity.



Your Committee finds that the severe housing shortage exacerbates the already high rents paid in Hawaii, where forty-three percent of residents are renters. The 2019 National Low Income Housing Coalition's Out of Reach report found that a full-time worker would need to earn \$36.82 per hour to afford a two-bedroom apartment at fair market value in Hawaii. Your Committee further finds that Honolulu experienced a sixty-seven percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,000 per month in recent years, with minimum wage workers having to log one hundred eleven hours per week to afford a modest one-bedroom apartment at fair market value and one hundred forty-six hours per week to afford a two-bedroom unit, which is the equivalent of working over twenty hours a day with no days off year-around. Your Committee notes that in the last five years, rent in Honolulu has increased by more than twenty-five percent.

Your Committee has amended this measure by:

- (1) Providing a tax credit of up to \$150 per exemption for certain taxpayers with an adjusted gross income under \$80,000, depending upon the taxpayer's filing status;
- (2) Specifying that the tax credit will be adjusted automatically, in accordance with increases in the consumer price index;
- (3) Changing its effective date to July 1, 2025, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider raising the tax credit amount proposed in this measure to \$150 and setting the adjusted gross income threshold to up to \$75,000 per year, as opposed to adjusting the tax credit amount based on the taxpayer's income tax bracket.

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. 1957, as amended herein, and recommends that it pass Second



Reading in the form attached hereto as H.B. No. 1957, 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



