

STAND. COM. REP. NO.

1087

Honolulu, Hawaii

MAR 01 , 2019

RE: H.B. No. 334

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Finance, 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 of this measure is to help low- and moderate-income households in Hawaii by amending existing state statutes governing individual development accounts by:

- (1) Expanding eligibility for state-funded individual development accounts to households with incomes up to 100 percent of the area household median income;
- (2) Expanding the allowable uses of individual development account funds to include costs for rental housing, transportation, and small business capitalization;
- (3) Transferring administration of the individual development accounts program from the Department of Human Services to the Business Development and Support Division of the Department of Business, Economic Development & Tourism and providing for on-going authorization of state matching funds;



- (4) Amending procedures for provision of state match funds by requiring the fiduciary institution that maintains accounts to draw down match funds and provide them to an account owner at the time the owner makes a withdrawal for a qualified expenditure instead of depositing match funds in individual accounts as of each individual deposit;
- (5) Eliminating the requirement that fiduciary organizations report individual development account data to the Legislature annually;
- (6) Allowing selected fiduciary organizations to use no more than 20 percent of state funds to cover administrative costs in any given year;
- (7) Reactivating the income tax credit for contributions for taxable years beginning January 1, 2020 through December 31, 2024; and
- (8) Making an appropriation to the Department of Business, Economic Development & Tourism.

The Office of Hawaiian Affairs; Hawaii Appleseed Center for Law & Economic Justice; Hawaii Credit Union League; Hawaiian Community Assets; and a few concerned individuals supported this measure. The Department of Business, Economic Development & Tourism; Department of Taxation; and Tax Foundation of Hawaii submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 334, H.D. 1, and recommends that it pass Third Reading.

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



SYLVIA LUKE, Chair



