

Honolulu, Hawaii

MAR 01 2019

RE: S.B. No. 1310
S.D. 2

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

Sir:

Your Committees on Ways and Means and Judiciary, to which was referred S.B. No. 1310, S.D. 1, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to establish the individual housing accounts savings board in the Department of Budget and Finance to administer the individual housing accounts savings program.

This measure also:

- (1) Authorizes any taxpayer to establish an individual housing account in the name of a dependent of the taxpayer upon the birth of the dependent;
- (2) Expands the qualifying purposes for which an individual housing accounts tax deduction may be claimed;
- (3) Appropriates general funds for deposit into the individual housing accounts savings program administrative fund; and
- (4) Appropriates funds from the individual housing accounts savings program administrative fund for administrative



and operating expenses of the individual housing accounts savings board.

Your Committees received written comments in support of this measure from Hawaiian Community Assets and the Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii.

Your Committees received written comments on this measure from the Department of Taxation, Department of Budget and Finance, and Tax Foundation of Hawaii.

Your Committees find that the combination of a publicly-created individual housing accounts savings program and expanded uses of the individual housing accounts tax deduction will promote home ownership in the State.

Your Committees note that the Department of Taxation has requested that the measure apply to taxable years beginning after December 31, 2020. Your Committees also note that the Department of Budget and Finance recommended that the Legislature have the Legislative Reference Bureau conduct a thorough analysis of the individual housing accounts savings program proposed under this measure so that the Legislature may fully understand the costs, benefits, and feasibility of implementing a savings program for which it may be difficult to enroll enough participants to achieve an economy of scale.

Your Committees have amended this measure by:

- (1) Consolidating the new provision authorizing a taxpayer to establish an individual housing account in the names of dependents into the existing statutory provisions relating to a tax deduction for contributions to an individual housing account;
- (2) Authorizing the Department of Taxation to adopt rules to implement the program, including defining certain terms;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and



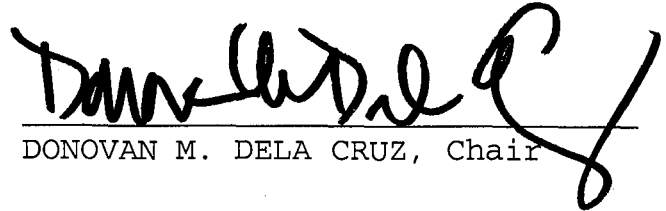
- (4) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Ways and Means and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1310, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 1310, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Ways and Means
and Judiciary,



KARL RHOADS, Chair




DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB1310, SDI	HOU, WAM / JDC	2/26/2019		
<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
DELA CRUZ, Donovan M. (C)	/			
KEITH-AGARAN, Gilbert S.C. (VC)				/
ENGLISH, J. Kalani				
HARIMOTO, Breene	/	/		
INOUYE, Lorraine R.				/
KAHELE, Kaiali'i				/
KANUHA, Dru Mamo	/			
KIDANI, Michelle N.	/			
MORIWAKI, Sharon Y.	/			
RIVIERE, Gil				/
SHIMABUKURO, Maile S.L.	/			
TANIGUCHI, Brian T.	/			
FEVELLA, Kurt	/			
TOTAL	8	1		4
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

