

STAND. COM. REP. NO.

2408

Honolulu, Hawaii

FEB 07 2020

RE: S.B. No. 2627
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2627 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to assist low-income household renters by adjusting the eligibility requirements under the income tax credit for low-income household renters by increasing the adjusted gross income threshold and by increasing the base amount of the credit.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, Imua Alliance, Hawaii Appleseed Center for Law & Economic Justice, and three individuals. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and League of Women Voters Hawaii.

Your Committee finds that homelessness is a serious problem in Hawaii, due in part to the high cost of housing in the State. Since 1977, the State has made tax credits available in order to assist eligible renters. Your Committee finds that this tax credit is the third most commonly used among Hawaii residents. However, the income eligibility threshold was last adjusted in 1989 and the credit amount allowed was last adjusted in 1981. Your Committee finds that since 1989, the cost of housing has



increased by three-hundred ninety per cent. This measure raises the income eligibility threshold and increases the base amount by which the tax credits are calculated.

Your Committee further finds that phasing out the tax credit as income rises helps to avoid a tax "cliff" which is when a taxpayer loses an entire credit when their annual income rises just over the limit. Your Committee additionally finds that families of different sizes require different amounts of credits. Accordingly, your Committee has amended this measure by:

- (1) Establishing income brackets in order to phase out the tax credit as a taxpayer's income rises;
- (2) Creating categories based on different types of households;
- (3) Increasing the maximum amount of credit taxpayers may receive; and
- (4) Making technical changes recommended by the Department of Taxation for ease of administration.

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. 2627, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2627, 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.:* SB 2027	Committee Referral: HOU, WAM	Date: 1-30-20		
<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	✓			
TOTAL	5			
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