

STAND. COM. REP. NO.

2880

Honolulu, Hawaii

FEB 14 2020

RE: S.B. No. 2695

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. 2695 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to raise funds to develop affordable housing by establishing a housing incentive fund and an income tax credit for contributions to the fund.

Your Committee received testimony in support of this measure from the Hawaii Public Housing Authority and Maui Chamber of Commerce. Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that Hawaii faces a growing shortfall of affordable homes for low and middle-income populations. Many of these families are rent-burdened, meaning they pay more than thirty percent of their income to housing costs. When that threshold is crossed, households must spend more on basic housing needs, leaving less income for other household essentials (like health care, transportation, food, and clothing). This measure allows any individual or entity to be part of the housing solution by giving the Hawaii Public Housing Authority the ability to administer the housing incentive fund, which, in addition to the \$50,000,000 from the State, would allow the Hawaii Public Housing



Authority to more quickly rehabilitate its existing aged inventory and move forward with current and future redevelopment projects.

Your Committee received testimony from the Department of Taxation recommending the measure be amended for the purposes of clarity.

Accordingly, your Committee has amended this measure by:

- (1) Adding a provision that makes the Hawaii Public Housing Authority responsible for administering the aggregate tax;
- (2) Defining the credit to be equal to twenty percent of the amount contributed to the fund during the taxable year;
- (3) Clarifying that if the tax credit exceeds the taxpayer's income tax liability for the year, the excess may be used as a tax credit for subsequent years;
- (4) Adding standard language that is included in other provisions of the Hawaii Revised Statutes regarding income tax credits; and
- (5) Amending the effective date to begin on taxable years beginning after December 31, 2020.

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. 2695, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2695, 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.:*	Committee Referral:	Date:
SB 2695	HOU, WAM	2-13-20
<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	4	1
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