

STAND. COM. REP. NO.

648

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 771  
S.D. 1

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

Sir:

Your Committee on Housing, to which was referred S.B. No. 771  
entitled:

"A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to establish an  
income tax credit for taxpayers who lease housing to certain low-  
income tenants.

Your Committee received testimony in support of this measure  
from the Hawaii Public Housing Authority, O'ahu County Committee on  
Legislative Priorities of the Democratic Party of Hawai'i, and one  
individual. Your Committee received comments on this measure from  
the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the affordable housing crisis in  
Hawaii extends to the lack of affordable rentals, particularly in  
high visitor traffic areas. This lack of affordable rentals hurts  
the quality of service, diminishes Hawaii's appeal in the visitor  
industry, and stresses the State's infrastructure, due to  
increased traffic. Your Committee further finds that the lack of  
affordable rental homes in these areas is also due to the high  
costs of property ownership, which encourages many landlords to  
enter into interval or short-term rentals rather than workforce-  
eligible rentals. This measure provides an economic incentive to



make available more immediate affordable housing rentals for workforce-eligible people who are in the most need.

Your Committee notes that the approximately two hundred section 8 recipients are currently searching for housing to rent. Your Committee further notes that this measure may require further discussion about the best mechanism to cap the affordable rental housing income tax credit, whether per eligible unit or per taxpayer. Your Committee also recognizes the concerns regarding the verification process of income and concerns expressed by the Department of Taxation regarding tenants and landlords who are related.

Your Committee has amended this measure by:

- (1) Inserting a blank amount for the maximum amount of tax credits that may be claimed by a taxpayer per taxable year;
- (2) Clarifying the definition of "eligible tenant" to mean a family or an individual whose income is less than thirty percent of the area median income; and
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion.

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. 771, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 771, 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.:* <b>SB 771</b>	Committee Referral: <b>HOU, WAM</b>	Date: <b>2/14/2019</b>		
<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	✓			
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes