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# A BILL FOR AN ACT

RELATING TO HOUSING SAVINGS ACCOUNTS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that the price of a home  
2 is rising faster than incomes. Though rental housing costs vary  
3 by county in the State, the biggest expense for any individual  
4 or family is housing or shelter. It is harder and harder for  
5 individuals and families to save for a down payment on a home or  
6 pay for their mortgage or rent. Furthermore, the cost of  
7 housing in Hawaii has increasingly become more of a challenge  
8 for renters and homeowners.

9       The legislature further finds that state and county housing  
10 agencies have been trying to create affordable housing for  
11 decades. However, development costs are so high and the  
12 shortage of affordable housing so great that traditional  
13 programs have been able to create only a fraction of what is  
14 needed.

15       The legislature also finds that creative, new approaches  
16 are needed to help with Hawaii's affordable housing crisis. One  
17 option would be the creation of a housing savings account



1 system, which would establish a mechanism to facilitate saving  
2 for housing via automatic payroll deductions. Under a housing  
3 savings account system, employers would be required to offer  
4 employees the opportunity to contribute to the housing savings  
5 accounts, although employee participation would be optional.  
6 However, the legislature notes that this type of proposal  
7 requires a thorough analysis, including the costs, benefits, and  
8 feasibility of implementing a program.

9 Accordingly, the purpose of this Act is to require the  
10 legislative reference bureau to conduct a study on the  
11 establishment of a housing savings account system that would  
12 provide every employee in the State the ability to automatically  
13 contribute to a housing savings account through payroll  
14 deductions.

15 SECTION 2. (a) The legislative reference bureau shall  
16 conduct a study on the establishment of a housing savings  
17 account system that would provide every employee in the State  
18 the ability to automatically contribute to a housing savings  
19 account through payroll deductions.

20 (b) When conducting the study, the legislative reference  
21 bureau shall include an assessment on the costs, including staff



1 and operating costs; benefits; implementation strategy; and  
2 timeline for establishing a housing savings account system that  
3 includes the following components:

- 4 (1) A board responsible for the administration of the  
5 housing savings account system;
- 6 (2) A requirement that each employer in the State offer  
7 its employees the opportunity to contribute to a  
8 housing savings account through payroll deduction;
- 9 (3) The ability for each employer in the State to match an  
10 employee's contribution into the employee's housing  
11 savings account;
- 12 (4) A prohibition on funds in a housing savings account  
13 receiving any additional tax benefits or being exempt  
14 from state income tax;
- 15 (5) The ability for funds contributed into a housing  
16 savings account to be used for any housing-related  
17 purpose, including but not limited to:
  - 18 (A) Down payments;
  - 19 (B) Mortgage payments;
  - 20 (C) Rent; or
  - 21 (D) Security deposits;



1 (6) A requirement for employers to enroll participating  
2 employees in the housing savings account system and  
3 report enrollment information to the board;

4 (7) The ability for employees to opt out of contributing  
5 to a housing savings account at any time; and

6 (8) A default individual housing savings account  
7 contribution rate of five per cent of each employee's  
8 compensation, with an option for an employee to elect  
9 to contribute a different amount on a form to be  
10 developed by the employer.

11 (c) The legislative reference bureau shall submit a report  
12 of its findings and recommendations, including any proposed  
13 legislation, to the legislature no later than twenty days prior  
14 to the convening of the regular session of 2022.

15 SECTION 3. This Act shall take effect on July 1, 2050.



**Report Title:**

Housing Savings Account System; Housing Savings Account; Payroll Deductions; Study; Legislative Reference Bureau

**Description:**

Requires the legislative reference bureau to conduct a study on the establishment of a housing savings account system that would provide every employee in the State the ability to automatically contribute to a housing savings account through payroll deduction and submit a report to the legislature. Effective 7/1/2050. (HD2)

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