

Honolulu, Hawaii

FEB 15 , 2022

RE: H.B. No. 1513
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1513 entitled:

"A BILL FOR AN ACT RELATING TO THE LOW-INCOME HOUSEHOLD RENTERS TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Adjust the eligibility requirements for the income tax credit for low-income household renters;
- (2) More effectively target the tax credit toward lower-income taxpayers by creating tax brackets that will phase out the credit as a taxpayer's income rises; and
- (3) Adjust the amount of the credit every three years by using a percentage based on the urban Hawaii Consumer Price Index.

Your Committee received testimony in support of this measure from Americans for Democratic Action Hawaii, League of Women Voters of Hawaii, IMUA Alliance, Democratic Party of Hawai'i Education Caucus, Hawaii Children's Action Network Speaks!, Parents and Children Together, AARP Hawai'i, and six individuals. Your Committee received comments on this measure from the



Department of Taxation, Department of Budget and Finance, and Tax Foundation of Hawaii.

Your Committee finds that homelessness is a serious problem in the State, with data indicating that Hawaii has the highest rate of homelessness per capita in the nation. Your Committee finds that the eligibility threshold for the income tax credit for low-income household renters was last adjusted in 1989 and the credit amount allowed was last adjusted in 1981. Since 1989, the cost of housing has increased by three hundred ninety percent and therefore it is fitting to adjust the eligibility requirements and increase the amount of the tax credit to help low-income renters pay for the high costs of housing in the State.

Your Committee has amended this measure by:

- (1) Clarifying that the credit is per qualified exemption and based on the taxpayer's federal adjusted gross income;
- (2) Clarifying that taxpayers who pay for rent in a residence that is partially or wholly exempted from real property tax through a homeowner's exemption may claim the tax credit;
- (3) Clarifying that the tax credit is to be adjusted every third taxable year based on any change in the urban Hawaii Consumer Price Index for June of the calendar year when the credit was last adjusted; and
- (4) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 H.B. No. 1513, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1513, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Housing,

Nadine K. Nakamura

NADINE K. NAKAMURA, Chair



State of Hawaii
House of Representatives
The Thirty-first Legislature

HSCR 248-22

Record of Votes of the Committee on Housing

Bill/Resolution No.: HB 1513	Committee Referral: HSG, FIN	Date: 2/8/2022		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKAMURA, Nadine K. (C)	✓			
2. HASHIMOTO, Troy N. (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. CLARK, Linda	✓			
5. ILAGAN, Greggor	✓			
6. KITAGAWA, Lisa	✓			
7. LoPRESTI, Matthew S.	✓			
8. TAKUMI, Roy M.	✓			
9. McDERMOTT, Bob				✓
TOTAL (9)	8	0	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: <u><i>M. N. Clark</i></u>				
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