

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON HOUSING
AND GOVERNMENT OPERATIONS
ON
SENATE BILL NO. 2238

February 3, 2022
1:00 p.m.
Room 225 and Videoconference

RELATING TO HOUSING SAVINGS ACCOUNTS

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 2238 adds a new chapter to establish: 1) the Housing Savings Account System (HSAS) to provide each employee in the State of Hawai'i the ability to automatically contribute to a housing savings account through payroll deductions; 2) the HSAS Board, its appointment requirements, and its authorities to employ staff and establish administrative rules; and 3) requirements for employer and employee participation.

B&F appreciates the intent of S.B. No. 2238; however, it has concerns that the bill provides no funding for staff and other operating costs; no time for the Board to develop rules and procedures for participation in the HSAS; and no time for Hawai'i's employers to implement administrative changes necessary to ensure compliance. B&F strongly recommends that the Legislature have the Legislative Reference Bureau conduct a thorough analysis of the program as proposed in this bill to fully understand the costs, benefits, and feasibility of its implementation.

Thank you for your consideration of our comments.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-First Legislature, State of Hawaii
The Senate
Committee on Housing
Committee on Government Operations

Testimony by
Hawaii Government Employees Association

February 3, 2022

S.B. 2238 – RELATING TO HOUSING SAVINGS ACCOUNTS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO generally supports the concept of helping employees save money to pay for their rent, mortgage, or down payment via an individual housing savings account, **however we cannot support Section 7 of the measure which mandates that every employee in the state shall automatically contribute 5 percent of their salary to the account.**

Mandating every employee in the state to automatically contribute 5 percent of their salary to an individual housing savings account would severely restrict an individual's financial flexibility. As written, the language in Section 7 of the measure allows individuals to opt-out of contributing, however we respectfully argue that an employee should have the ability to opt-in to contributing as it fits their personal budget and financial situation. Therefore, we respectfully request the Committees' consideration in eliminating the mandate to contribute to Section 7.

Thank you for the opportunity to testify on S.B. 2238 with a suggested amendment.

Respectfully submitted,

Randy Perreira
Executive Director

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Housing Savings Account

BILL NUMBER: SB 2238, HB 1764

INTRODUCED BY: SB by CHANG, MISALUCHA, RHOADS, Gabbard, Shimabukuro, Taniguchi, HB by MIZUNO

EXECUTIVE SUMMARY: Establishes the procedures for a housing savings account system for all employees in the State. Housing savings accounts offer no tax benefits. We question whether establishment of such accounts is worth the administrative expenses and other resources that would need to be expended to establish these accounts.

SYNOPSIS: Adds a new chapter to the HRS to establish housing savings accounts and a housing savings account board to oversee them. The accounts would confer no income tax benefits and monies in the accounts may be withdrawn at any time. Requires each employer in the State to offer to its employees the opportunity to contribute to a housing savings account through payroll deduction. Allows the employer in the State to match an employee's contribution into each employee's housing savings account. Each employee in the State shall automatically contribute to a housing savings account; provided that an employee may elect to opt out of contributing to a housing savings account at any time.

EFFECTIVE DATE: Upon Approval

STAFF COMMENTS: This bill, if enacted, would be a broad-based employer mandate. It would be another in a long list of employer mandates that already burden employment in this State. While encouraging savings may be a good idea in the abstract, we question whether the benefit to be gained would be worth the administrative burdens that this bill would inflict and the additional bureaucracy that this bill would create.

Digested: 2/2/2022

SB-2238

Submitted on: 2/1/2022 3:13:11 PM

Testimony for HOU on 2/3/2022 1:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Gerard Silva	Individual	Oppose	No

Comments:

More ways to siphon money for the crooked people!!!

TO THE SENATE
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2022
COMMITTEE ON HOUSING
Senator Stanley Chang, Chair
Senator Dru Mamo Kanuha, Vice Chair
COMMITTEE ON GOVERNMENT OPERATIONS
Senator Sharon Y. Moriwaki, Chair
Senator Donovan M. Dela Cruz, Vice Chair
HEARING SB2238

POSITION: SUPPORT WITH COMMENTS

Aloha, Chairs and Committee Members,

Bill SB2238 has the intent of attending to the issue of saving needed for persons that need rental housing but also for those fortunate to be able to purchase a home. However, there are changes that I would suggest improving the intent of the current language presented. First off, the bill makes mention to employees and offers no inclusion of persons that are independent contractors. This savings plan should be open to all types of Hawaii residents regardless of they are traditional employee(s) or those that are independent contractors.

It is safe to say that today there is a mix of persons that are independent contractors that will work as traditional employees. I also suggest that any language pertaining to compulsory contributions should be removed from this bill. An employee or independent contractor should have the right to contribute should they wish, and employers should be mandated to offer these saving programs.

In closing, I ask this committee to consider a mechanism that allows the money in the savings account not to be counted as part of a person's total assets as to the extent that CFR § 5.609 allows. If this is not addressed persons living in HPHA Housing (Hawaii Public Housing Authority) and what type of impact that might have upon them and their living situation. Thank you for taking to the time to read this testimony it is important like ideas like this come forward yet, be mindful of any federal regulations that could supersede state law or unintended consequences.

Mahalo,

Ken Farm