

STAND. COM. REP. NO. **2625**

Honolulu, Hawaii

FEB 16 2024

RE: S.B. No. 2874  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2874 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a non-refundable income tax credit for residential landlords who lease a unit to a tenant with a pet for at least six months.

Your Committee received testimony in support of this measure from the Hawaiian Humane Society, Hawai'i State Coalition Against Domestic Violence, Kaua'i Humane Society, and eighteen individuals.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the companionship of a pet is a joy and privilege for many residents in the State. Research has shown that human-animal companionship can lead to a reduction in stress, anxiety, depression, and loneliness for pet owners. However, your Committee finds that for many, especially low-income families and houseless persons, the lack of available pet-friendly housing has been a significant challenge. Therefore, this measure will provide an income tax credit to incentivize landlords to provide pet-friendly housing, improving the lives and futures of both pets and pet families.



Notwithstanding, your Committee notes the testimony of the Department of Taxation, and finds that amendments to this measure are necessary to address the Department's concerns.

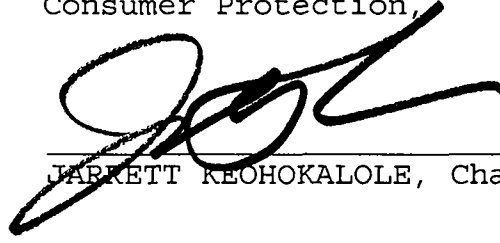
Accordingly, your Committee has amended this measure by:

- (1) Clarifying that in the case of a partnership, S Corporation, estate, or trust, the tax credit shall be determined at the entity level;
- (2) Clarifying that only one qualified taxpayer may claim the tenant pet income tax credit per unit rented;
- (3) Changing this measure to apply to taxable years beginning after December 31, 2024;
- (4) Inserting an effective date of July 1, 2040, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2874, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2874, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,



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JARRETT KEOHOKALOLE, Chair



