

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 1133

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B.
No. 1133 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize each county to establish by ordinance a rental unit price control that prohibits a landlord from increasing the rental price of a dwelling unit at a rate that exceeds the percentage calculated and published by the county based on changes in the applicable Consumer Price Index;
- (2) Beginning August 1, 2025, require each county to annually calculate and publish the maximum rate at which a landlord may increase the rental price of a dwelling unit during the immediately succeeding twelve-month period;
- (3) Establish a Long-Term Residential Lease Tax Credit for taxpayers who own and lease a dwelling unit located in a county that has adopted a rental unit price ceiling ordinance to a person as the person's principal residence in the State pursuant to a lease agreement of a term of one year or longer; and



- (4) Apply the tax credit to taxable years beginning after December 31, 2024.

Your Committee received testimony in support of this measure from one individual.

Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS, NAIOP Hawaii, and Grassroot Institute of Hawaii.

Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that long-term residential leases provide stable housing to individuals and families. Therefore, residential homeowners should be incentivized to rent their properties through long-term leases to help alleviate housing insecurity.

Your Committee notes the numerous challenges faced by Maui residents following the devastating 2023 wildfires and the drastic rent increases that followed as a result of federal assistance being made available to fire victims. Many landlords engaged in predatory practices which exacerbated the ongoing housing shortage and displaced many long-term tenants. This measure seeks to prevent such practices in response to a disaster.

Your Committee has amended this measure by:

- (1) Inserting language clarifying that any county in which more than one percent of the housing stock has been destroyed or rendered uninhabitable by a disaster may adopt the rent control ordinance authorized by this measure;
- (2) Inserting language prohibiting a lessee from being an immediate family member of any owner of the dwelling unit;
- (3) Clarifying that, if a dwelling unit is owned by multiple taxpayers, the tax credit may be claimed by only one of the taxpayers in a taxable year;



- (4) Limiting the Long-Term Residential Lease Tax Credit to three years of eligibility;
- (5) Specifying that the Long-term Residential Lease Tax Credit is nonrefundable;
- (6) Requiring all claims for the tax credit, including any amended claims, to be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed;
- (7) Clarifying that noncompliance with the filing of a claim for the Long-Term Residential Lease Tax Credit shall constitute a waiver of any claim to the credit;
- (8) Making it apply to taxable years beginning after December 31, 2025;
- (9) Amending section 1 to reflect its amended purpose;
- (10) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (11) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes the Department of Taxation's testimony regarding the challenges in administering the proposed tax credit established by this measure. The Department of Taxation would need to adopt new rules to implement reporting requirements regarding property ownership and lease details for taxpayers claiming the credit. Further, ensuring that a dwelling unit is leased to a person as their primary residence may require some involvement by the lessee to attest that they have no other primary residence, as lessors are not situated to confirm this information.

Your Committee additionally notes testimony raising concerns that rent control reduces the quantity and quality of available housing for rent. As rent stabilization measures in other jurisdictions have often led to unintended consequences such as discouraging new housing development, your Committee respectfully



requests these issues be examined further as this measure moves through the legislative process.

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. 1133, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1133, S.D. 1, and be referred to your Committees on Commerce and Consumer Protection and Ways and Means.

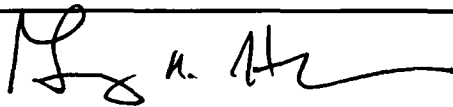
Respectfully submitted on
behalf of the members of the
Committee on Housing,


STANLEY CHANG, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 1133</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">HOU, CPN / WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2/6/25</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div><input type="checkbox"/> Pass, unamended <small>2312</small></div> <div><input checked="" type="checkbox"/> Pass, with amendments <small>2311</small></div> <div><input type="checkbox"/> Hold <small>2310</small></div> <div><input type="checkbox"/> Recommit <small>2313</small></div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	/			
HASHIMOTO, Troy N. (VC)	/			
AQUINO, Henry J.C.				/
KANUHA, Dru Mamo	/			
FEVELLA, Kurt				/
TOTAL	3	2	2	2
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; margin-left: 20px;">  </div>				
Distribution: <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"> Original File with Committee Report Yellow Clerk's Office Pink Drafting Agency Goldenrod Committee File Copy </div>				

***Only one measure per Record of Votes**