MA

Honolulu, Hawaii

, 2020

FEB 12

RE: H.B. No. 1957 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2020 State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1957 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this measure is to adjust the eligibility requirements under the income tax credit for low-income household renters by increasing the:

- (1) Adjusted gross income threshold from \$30,000 to \$50,000; and
- (2) Amount used to calculate the tax credit from \$50 to \$200.

Your Committee received testimony in support of this measure from the Hawaii Health & Harm Reduction Center; Pono Hawaii Initiative; League of Women Voters; Americans for Democratic Action-Hawaii; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; and three individuals. Your Committee received comments on this measure from the Department of Taxation, Hawaii Appleseed Center for Law & Economic Justice, Hawaii Children's Action Network Speaks, IMUAlliance, Tax Foundation of Hawaii, Hawaii Alliance for Progressive Action, and Faith Action for Community Equity.

Your Committee finds that the severe housing shortage exacerbates the already high rents paid in Hawaii, where fortythree percent of residents are renters. The 2019 National Low Income Housing Coalition's Out of Reach report found that a fulltime worker would need to earn \$36.82 per hour to afford a twobedroom apartment at fair market value in Hawaii. Your Committee further finds that Honolulu experienced a sixty-seven percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,000 per month in recent years, with minimum wage workers having to log one hundred eleven hours per week to afford a modest one-bedroom apartment at fair market value and one hundred forty-six hours per week to afford a twobedroom unit, which is the equivalent of working over twenty hours a day with no days off year-around. You Committee notes that in the last five years, rent in Honolulu has increased by more than twenty-five percent.

Your Committee has amended this measure by:

- (1) Providing a tax credit of up to \$150 per exemption for certain taxpayers with an adjusted gross income under \$80,000, depending upon the taxpayer's filing status;
- (2) Specifying that the tax credit will be adjusted automatically, in accordance with increases in the consumer price index;
- (3) Changing its effective date to July 1, 2025, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider raising the tax credit amount proposed in this measure to \$150 and setting the adjusted gross income threshold to up to \$75,000 per year, as opposed to adjusting the tax credit amount based on the taxpayer's income tax bracket.

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. 1957, as amended herein, and recommends that it pass Second

Reading in the form attached hereto as H.B. No. 1957, H.D. 1, and be referred to your Committee on Finance.

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

TOM BROWER Chair

State of Hawaii

State of Hawaii
House of Representatives
The THIRTIETH Legislature

House of Representatives
The THIRTIETH Legislature

Record of Votes of the Committee on Housing

The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit) HSG Members Ayes Ayes (WR) Nays Excused	Bill/Resolution No.: HB 1957	Committee Referral: HSO, FIN	Date: 2-4-20	
HSG Members Ayes Ayes (WR) Nays Excused 1. BROWER, Tom (C) 2. MATAYOSHI, Scot Z. (VC) 3. AQUINO, Henry J.C. 4. CULLEN, Ty J.K. 5. HASHEM, Mark J. 6. HASHIMOTO, Troy N. 7. WOODSON, Justin H. 8. McDERMOTT, Bob TOTAL (8) The recommendation is: J Adopted Not Adopted Committee acronym(s) did not support recommendation.	☐ The committee is reconsidering its previous decision on the measure.			
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Vice Chair's or designee's signature:	If joint referral, did not support recommendation.			
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