STAND. COM. REP. NO. 🤿

Honolulu, Hawaii

## FEB 0 7 2020

RE: S.B. No. 2627 S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirtieth State Legislature Regular Session of 2020 State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2627 entitled:

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

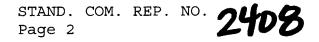
begs leave to report as follows:

The purpose and intent of this measure is to assist lowincome household renters by adjusting the eligibility requirements under the income tax credit for low-income household renters by increasing the adjusted gross income threshold and by increasing the base amount of the credit.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, Imua Alliance, Hawaii Appleseed Center for Law & Economic Justice, and three individuals. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and League of Women Voters Hawaii.

Your Committee finds that homelessness is a serious problem in Hawaii, due in part to the high cost of housing in the State. Since 1977, the State has made tax credits available in order to assist eligible renters. Your Committee finds that this tax credit is the third most commonly used among Hawaii residents. However, the income eligibility threshold was last adjusted in 1989 and the credit amount allowed was last adjusted in 1981. Your Committee finds that since 1989, the cost of housing has





increased by three-hundred ninety per cent. This measure raises the income eligibility threshold and increases the base amount by which the tax credits are calculated.

Your Committee further finds that phasing out the tax credit as income rises helps to avoid a tax "cliff" which is when a taxpayer loses an entire credit when their annual income rises just over the limit. Your Committee additionally finds that families of different sizes require different amounts of credits. Accordingly, your Committee has amended this measure by:

- Establishing income brackets in order to phase out the tax credit as a taxpayer's income rises;
- (2) Creating categories based on different types of households;
- (3) Increasing the maximum amount of credit taxpayers may receive; and
- (4) Making technical changes recommended by the Department of Taxation for ease of administration.

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. 2627, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2627, S.D. 1, and be referred to your Committee on Ways and Means.

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

CHANC, Chair STANLE



## The Senate Thirtieth Legislature State of Hawai'i

## Record of Votes Committee on Housing HOU

Bill / Resolution No.:*	Committee Referral:			Date:	
SB 2627	HOU, WAM			1-30-20	
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)					
KANUHA, Dru Mamo (VC)					
MORIWAKI, Sharon Y.		$\checkmark$			
THIELEN, Laura H.		$\checkmark$			
FEVELLA, Kurt		$\checkmark$			
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TOTAL		5			
Recommendation:					
Adopted Not Adopted					
Chair's or Designee's Signature:					
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Distribution: Original					
File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

\*Only one measure per Record of Votes