

Honolulu, Hawaii

FEB 19 2021

RE: S.B. No. 302  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 302 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:

- (1) Adjust the eligibility requirements under the income tax credit for low-income household renters; and
- (2) Increase the amount of the tax credit by creating tax brackets that will phase out the credit as the taxpayer's income rises.

Your Committee received testimony in support of this measure from the League of Women Voters, Americans for Democratic Action, IMUA Alliance, and Hawaii Appleseed Center for Law & Economic Justice. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the State has made tax credits available to assist eligible renters since 1977 and that this tax credit is the third most commonly used credit among residents. However, the income eligibility threshold has not been adjusted since 1989 and the amount of the credit was last adjusted in 1981. Meanwhile, the cost of housing has increased by approximately



three hundred ninety percent during that same time. This measure will adjust the eligibility requirements under the income tax credit for low-income household renters and increase the amount of the tax credit.

Your Committee has amended this measure by:

- (1) Clarifying that the federal definition of "adjusted gross income" applies to the calculation of the low-income household renters credit;
- (2) Changing the inflation adjustments to occur every 3 years instead of annually; and
- (3) 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 Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 302, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 302, 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,

  
STANLEY CHANG, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes  
Committee on Housing  
HOU**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 302	HOU, WAM	2/9/21		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
MORIWAKI, Sharon Y.	✓			
RHOADS, Karl	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	5	0	0	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes