STAND. COM. REP. NO. 2965

Honolulu, Hawaii

## MAR 0 4 2022

RE: S.B. No. 2165 S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirty-First State Legislature Regular Session of 2022 State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2165 entitled:

"A BILL FOR AN ACT RELATING TO THE LOW-INCOME HOUSEHOLD RENTERS TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the income tax credit for low-income household renters.

More specifically, this measure:

- (1) Adjusts the eligibility requirements for the tax credit;
- (2) Establishes income thresholds that will phase out the credit as the taxpayer's income rises; and
- (3) Adjusts the amount of the tax credit every three years, based on the Urban Hawaii Consumer Price Index.

Your Committee received testimony in support of this measure from Planned Parenthood Alliance Advocates, Hawaii Alliance for Community-Based Economic Development, Pono Hawaii Initiative, Americans for Democratic Action, League of Women Voters of Hawaii, Hawaii Appleseed Center for Law and Economic Justice, Imua Alliance, Democratic Party of Hawaii Education Caucus, Hawaii Children's Action Network Speaks!, and eight individuals.

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

Your Committee finds that the amount of the income tax credit for low-income household renters, \$50 per exemption, has not changed since 1981, and the income threshold to qualify for the tax credit has not changed since 1989. Your Committee also finds that this measure updates the tax credit amount and establishes a series of income thresholds to better target lower-income taxpayers. Your Committee further finds that the provisions authorizing automatic increases to the tax credit will help the tax credit adjust to inflation without the need for future statutory amendments by the Legislature.

Your Committee has amended this measure by:

- (1) Repealing the current \$50 per exemption tax credit amount;
- (2) Specifying that eligibility to claim the tax credit shall apply based upon a taxpayer's federal adjusted gross income;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2165, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2165, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committee on Ways and Means,

DONOVAN M. DELA CRUZ, Chair

## The Senate Thirty-First Legislature State of Hawai'i

## Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*	Committee Referral:		Dat	e: /	
SB2165	WAM			3/3/2	22
The Committee is reconsidering its previous decision on this measure.  If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended X Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)		×			
KEITH-AGARAN, Gilbert S.C. (VC)		X			
INOUYE, Lorraine R.		X			
KANUHA, Dru Mamo		×			
KIDANI, Michelle N.					X
MISALUCHA, Bennette E.		×			
MORIWAKI, Sharon Y.		X			
SHIMABUKURO, Maile S.L.		X		_	
TANIGUCHI, Brian T.					X
WAKAI, Glenn		×			
FEVELLA, Kurt					X
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TOTAL		8			3
Recommendation:  Adopted  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