



OFFICE OF HAWAIIAN AFFAIRS

‘Ōlelo Hō‘ike ‘Aha Kau Kānāwai

TESTIMONY IN SUPPORT OF SENATE BILL 2552 SD1 HD1
RELATING TO THE INDIVIDUAL HOUSING ACCOUNT PROGRAM

Ke Kōmike Hale o ka ‘Oihana ‘Imi Kālā
(House Committee on Finance)

Ke Kapitala ‘o Hawai‘i
(Hawai‘i State Capitol)

‘Apelila 2, 2026

2:00 p.m.

Lumi 308

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee on Finance:

The Office of Hawaiian Affairs (OHA) **SUPPORTS SB2552 SD1 HD1**, which seeks to update Hawai‘i’s Individual Housing Account (IHA) program to better reflect current housing prices and down payment costs.

OHA has long supported policies that promote economic self-sufficiency, asset-building, and housing security for Native Hawaiians and other Hawai‘i residents and has specifically supported IHA’s as a tool for long term housing stability¹. One of the most persistent barriers to homeownership in Hawai‘i is not the ability to make a monthly mortgage payment, but the ability to accumulate sufficient savings for a down payment and closing costs in a rapidly appreciating housing market. Individual housing accounts are a proven tool for addressing this barrier.

The Legislature originally established the IHA program to encourage saving for first-time homeownership, while including safeguards to ensure funds are used for owner-occupied housing in Hawai‘i. However, the contributions limits currently used were set decades ago and no longer reflect today’s housing costs. In Hawai‘i’s current housing market, the cost of a median single-family home is in the range of \$800,000 or more. This requires a down payment that can easily approach \$80,000 or higher, depending on lending requirements. For many working families, particularly those already facing high housing and living costs, saving at this scale presents a significant and ongoing challenge. While the IHA program was designed to help address this barrier, its existing limits have not kept

¹ In 2018, OHA introduced HB1746/SB2135 (2018) as part of the agency’s [legislative package](#). If passed, these measures would have also updated IHA deductions.

pace with these market realities. As a result, the IHA statute has lost much of its impact for families attempting to save for their first home.

As amended, this measure maintains the policy intent of modernizing the IHA program while preserving existing guardrails. The bill continues to maintain penalties and tax recapture for misuse and requires oversight before distributions are made. These limits ensure that the tax benefit supports stable, owner-occupied housing rather than speculation. Importantly, the IHA deduction allows participating households to reduce their state income tax liability while saving, which can help families maintain eligibility for other income-based tax credits and assistance programs as they work toward homeownership. This is particularly important for Native Hawaiian and working families who are striving to improve their financial stability without jeopardizing access to essential supports.

OHA appreciates the amendments that make meaningful and targeted updates to restore the program's relevance by increasing allowable contribution and deduction limits to better align with current housing costs, while maintaining core program requirements. The measure continues to require that funds be held in regulated financial institutions, restricts investments to low-risk insured deposits, and requires verification that withdrawals are used for qualified housing purposes. OHA acknowledges that other programs allow households to save in

OHA respectfully urges the Committee on Finance to restore meaningful contribution limits consistent with the prior version of the bill, including \$17,200 for individual taxpayers, \$34,400 for joint filers², and \$86,000 as the lifetime cap, to ensure the program effectively reflects current housing costs and remains a viable tool for first-time homebuyers.

Updating the IHA program is a cost-effective way to strengthen Hawai'i's middle class and support pathways to homeownership without relying solely on new construction or large capital expenditures.

For these reasons, the Office of Hawaiian urges the Committee to **PASS** this bill.

Mahalo nui for the opportunity to testify.

² OHA appreciates that joint filers are allowed the same benefits of single filers, eliminating any 'marriage penalty'



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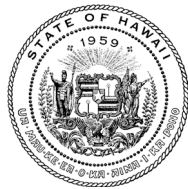
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JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

TESTIMONY OF GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 2552, S.D.1, H.D.1, Relating to the Individual Housing Account Program

BEFORE THE:

House Committee on Finance

DATE: Thursday, April 2, 2026

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 2552, S.D.1, H.D.1, for your consideration.

Section 2 of S.B. 2552, S.D.1, H.D.1, amends section 235-5.5, Hawaii Revised Statutes (HRS), to increase the allowable annual deduction for contributions to an individual housing account (IHA) for the purchase of a first principal residence. The measure would increase the amount a taxpayer may deduct, equivalent to the amount that may be contributed to an IHA, from \$5,000 to an unspecified amount for individuals and from \$10,000 to an unspecified amount for joint filers.

In addition, the bill would increase the total allowable deduction per individual taxpayer, and total allowable contributions that may be made to an IHA across all taxable years, from \$25,000 to an unspecified amount.

The bill also repeals the outdated portions of subsections of 235-5.5(f), HRS, applicable to first-time home purchases made prior to January 1, 1990, by persons with an IHA.

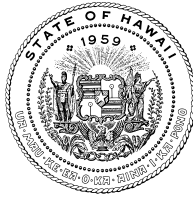
The measure has a defective effective date of July 1, 3000, and applies to taxable years beginning after December 31, 2026.

DOTAX can implement changes to the deduction amounts for taxable years beginning after December 31, 2026.

Thank you for the opportunity to provide comments on this measure.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300

HONOLULU, HAWAII 96813

FAX: (808) 587-0600

Statement of

DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

April 02, 2026 at 2:00 p.m.

State Capitol, Room 308

In consideration of

SENATE BILL 2552, SENATE DRAFT 1, HOUSE DRAFT 1 RELATING TO THE INDIVIDUAL HOUSING ACCOUNT PROGRAM.

Chair Todd, Vice Chair Takenouchi, and members of the Committee.

HHFDC **supports** SB2552, SD1, HD1, which enhances Hawaii's Individual Housing Account (IHA) Program to better support first time- homebuyers.

Hawaii's housing crisis continues to be one of the State's most pressing social and economic challenges, and saving for a down payment remains a major barrier for many residents hoping to achieve homeownership. While median housing prices have increased since the IHA program was created, the allowable contribution and deduction limits have remained the same.

This bill takes long-needed steps to update the IHA program by increasing both the maximum annual tax-deductible contribution and the total lifetime contribution limits. This adjustment recognizes the dramatic escalation in housing costs and allows the program to serve its original purpose: helping residents save in a meaningful way for their first principal residence.

Combined with other State housing initiatives, the enhanced IHA program can play a meaningful role in supporting local families who seek the opportunity through homeownership.

Thank you for the opportunity to provide testimony.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
THURSDAY, APRIL 1, 2026 AT 2:00 P.M.**

To The Honorable Representative Chris Todd, Chair
The Honorable Representative Jenna Takenouchi, Vice Chair
Members of the Committee on Finance

**SUPPORT SB2552 SD1 HD1 RELATING TO THE
INDIVIDUAL HOUSING ACCOUNT PROGRAM**

The Maui Chamber of Commerce supports SB2552 SD1 HD1, which increases the maximum annual deduction and account limits for individual housing accounts.

We recognize the importance of providing residents with practical tools to save for homeownership. By increasing the maximum contribution and account levels, this bill offers greater flexibility for residents to accumulate the funds necessary for down payments and other housing-related expenses. This measure complements broader efforts to address Hawai'i's acute housing shortage by making homeownership more attainable for working families.

While this bill is a positive step, we note that increasing savings opportunities alone will not resolve the systemic challenges facing affordable and workforce housing in the state. Ongoing issues such as high land and construction costs, regulatory barriers, and limited housing supply continue to constrain access. Nevertheless, SB2552 SD1 HD1 is a valuable addition to the "toolbox" of solutions needed to support residents and stimulate broader housing development.

Mahalo for the opportunity to share our support of SB2552 SD1 HD1. We ask that you move this bill forward.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



MAUI

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TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Enhance Limits for Individual Housing Accounts

BILL NUMBER: SB 2552 HD 1

INTRODUCED BY: HSG

EXECUTIVE SUMMARY: For taxable years beginning 1/1/2027, (1) increases the maximum annual and total allowable deduction for contributions to individual housing accounts for income tax deductions and (2) increases the maximum allowable contributions for individual housing accounts to qualify for the income tax deductions. Repeals outdated language applicable to first-time home purchases made before 1/1/1990, by persons with an individual housing account. Effective 7/1/3000. (HD1)

SYNOPSIS: Amends HRS section 235-5.5(a) and (b) by

- Replacing a \$5,000 maximum deduction from gross income paid by an individual taxpayer during the taxable year, (\$10,000 for a married couple filing a joint return), with \$blank, (\$blank for a married couple filing a joint return) paid to an individual housing account established to provide funding for the purchase of the individual's first principal residence.
- Replacing the \$25,000 maximum deduction for *all taxable years* with a \$blank maximum.
- Replacing the \$5,000 (\$10,000 joint returns) maximum contributions to an individual housing account *trust* with a \$blank (\$blank joint returns) maximum..

Repeals obsolete language in HRS section 235-5.5(f).

Deletes the requirement of furnishing proof of total disability "in the form and manner as the director [of DOTAX] may require" in HRS section 235-5.5(g).

EFFECTIVE DATE: July 1, 3000, for taxable years beginning after December 31, 2026.

STAFF COMMENTS: Individual housing accounts were established by Act 285, SLH 1982. They were intended to operate like individual retirement accounts but used for a housing purchase rather than retirement security.

There is no similar provision at the federal level, so the interest in these accounts has been quite limited. In the Department of Taxation's 2006 report "Hawaii Income Patterns – Individuals," it is reported that 101 tax returns took advantage of the IHA deduction, with an average of around \$4,570 taken per tax return. That appears to be last year in which IHA statistics were reported separately.

The idea of reviving IHA accounts does merit discussion, given that federal tax benefits of home ownership were significantly curtailed in the 2017 Tax Cuts and Jobs Act. Specifically, the mortgage interest deduction was limited to the interest on no more than \$750,000 of home

acquisition debt, and interest on home equity loans (not used for acquisition) was made entirely nondeductible.

The bill includes unspecified credit amounts and otherwise contains blanks for important information. The bill cannot be scored for revenue gain/loss in its current form, and cannot be vetted properly unless numbers are inserted.

We note that the Rules of the House and of the Senate specify that proceedings are to follow Mason's Manual of Legislative Procedure published by the National Conference of State Legislatures. Mason's Manual specifies, in section 416-8 of its 2020 edition, that "When proposals containing blanks are introduced, these must be filled before other motions to amend are entertained."

Digested: 3/31/2026



Mortgage Bankers Association of Hawaii
P.O. Box 4129, Honolulu, Hawaii 96812

March 31, 2026

The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
Members of the House Committee on Finance

Hearing Date: April 2, 2026
Hearing Time: 2:00 pm
Hearing Place: Hawaii State Capitol, Conference Room 308

Re: SB2552 SD1 HD1 Individual Housing Accounts

I am Victor Brock, representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of individuals involved in the real estate lending industry in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, financial institutions, and companies whose business depends upon the ongoing health of the financial services industry of Hawaii. The members of the MBAH originate and service, or support the origination and servicing, of the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on legislation or rules, it is related only to mortgage lending and servicing.

The MBAH supports an increase to the maximum allowable tax-deductible contribution amount on both a per-annum and total basis as proposed in SB2552 SD1 HD1. We support the higher amounts proposed in HB1756, prior to amendments.

To further encourage participation and use of the Individual Housing Account, the legislature might also consider removal of the additional ten per cent tax penalty if the property is sold before the 10-year anniversary. Many homebuyers may anticipate retaining a property for 10 years at time of purchase, but life events may happen that lead to earlier sale. Even if the property is sold before the 10-year anniversary, the full amount of the distribution will be taxed. This additional penalty is purely punitive and may discourage participation altogether. Accordingly, the following section would be deleted from Section 235-5.5 HRS as shown on row 11, page 8 of the 12 page pdf version of SB2552 SD1 HD1: "and in addition, the tax liability of the individual shall be increased by an amount equal to ten per cent of the total distribution from the individual housing account."

Thank you for the opportunity to present this testimony and for your consideration.

Victor Brock
Mortgage Bankers Association of Hawaii

April 2, 2026

The Honorable Chris Todd, Chair

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

RE: Senate Bill 2552, SD1, HD1, Relating to the Individual Housing Account Program

HEARING: Thursday, April 2, 2026, at 2:00 p.m.

Aloha Chair Todd, Vice Chair Takenouchi and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR **supports** Senate Bill 2552, SD1, which for taxable years beginning 1/1/2027, (1) increases the maximum annual and total allowable deduction for contributions to individual housing accounts for income tax deductions and (2) increases the maximum allowable contributions for individual housing accounts to qualify for the income tax deductions. Repeals outdated language applicable to first-time home purchases made before 1/1/1990, by persons with an individual housing account. Effective 7/1/3000.

Saving for a downpayment for a home remains a significant challenge for many Hawaii residents seeking to become first-time homeowners. As of February 2026, the median statewide single-family home price is \$1,080,000 and for condominiums it is \$546,000.¹ Based on the median amounts, a 20% downpayment with a conventional loan would be \$216,000 and \$109,200 respectively. Increasing the maximum annual deduction for individual housing accounts would better reflect today's housing prices and help expand access to homeownership for first-time homeowners.

Mahalo for the opportunity to provide testimony on this measure.

¹ Hawai'i REALTORS® from data provided by the MLS. (February 2026). Statewide Housing Trends. <https://www.hawaiiirealtors.com/housing-trends>

April 2, 2026

TO: Chair Todd and Members of the House Committee on Finance
RE: SB 2552 SD1 HD1, Relating to the Individual Housing Account (IHA) Program

Dear Chair Todd and Committee Members,

Housing Hawai'i's Future is a nonprofit dedicated to creating opportunities for Hawai'i's next generation by ending the workforce housing shortage.

We strongly support Senate Bill 2552 SD1 HD1, with comments. This measure will update the IHA program to meet the needs of residents here and now in 2026.

Hawai'i has the lowest rate of homeownership for those 35 and under in the nation. The IHA, established in 1982 to help residents deduct a portion of their pre-tax income for a down payment, needs to be updated to function as a meaningful tool for residents in 2026.

Beginning in January 2027, the IHA program will be brought out of the eighties. This measure increases the maximum annual deduction for contributions and maximum account levels for IHAs. These figures, as updated in this measure, are adjusted to address the inflationary pressures that have made this program dormant for the past two decades.

Through IHAs, SB2552 can help more residents accumulate the necessary funds for down payments and other housing-related expenses. *To that end, however, we must also ensure that the maximum allowable deduction and contribution amounts factor in the true cost of a down payment for a home in the State of Hawai'i.*

Let's make this program work for residents. **Please advance SB2552 SD1 HD1.**

Thank you,



Lee Wang
Executive Director
Housing Hawai'i's Future
lee@hawaiisfuture.org



Perry Arrasmith
Director of Policy
Housing Hawai'i's Future
perry@hawaiisfuture.org

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holomua

COLLABORATIVE

OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

BOARD MEMBERS

Jason Fujimoto
Meli James, *Board Chair*
Micah Kāne
Brandon Kurisu
Brad Nicolai
Mike Pietsch
Sunshine Topping

ADVISORY COMMITTEE

Josh Feldman
Brittany Heyd
Alicia Moy
Ed Schultz

Josh Wisch
President & Executive Director

827 Fort Street Mall, 2nd Floor
Honolulu, Hawai'i 96813

+1 (808) 542-4089
info@holomuacollaborative.org

HolomuaCollaborative.org

Committee: House Committee on Finance
Bill Number: SB2552 HD1, Relating to the Individual Housing Account Program
Hearing Date and Time: April 2, 2026, 2:00pm, Room 308
Re: Testimony of Holomua Collaborative – Support

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

Hawai'i continues to face a deep and persistent affordable housing crisis. The median price for a single-family home in our state exceeds \$1,000,000, with condominiums approaching \$650,000—figures that place homeownership far out of reach for many working families. These barriers are not merely economic statistics; they shape real decisions for kama'āina, forcing many to leave our islands in search of attainable housing and eroding the very social fabric that makes Hawai'i home.

SB2552 HD1 proposes to strengthen an existing tool that helps residents save for their first home by updating the Individual Housing Account (IHA) Program to reflect modern housing realities. Under current law, the annual deduction for contributions to an individual housing account is capped at \$5,000 for individuals and \$10,000 for joint filers, with a lifetime cap of \$25,000. These limits have not kept pace with inflation, let alone the dramatic rise in housing costs since the program's inception in the early 1980s. SB2552 HD1 would **increase both the annual maximum deduction and the overall maximum account level** for IHAs for taxable years beginning January 1, 2027, revitalizing and modernizing this incentive to meaningfully help more families save for a down payment and achieve homeownership.

Access to homeownership remains a critical lever in building long-term economic stability and community resilience. For many Hawai'i residents, the challenge of saving enough for a substantial down payment is one of the most prohibitive obstacles to purchasing a home. By enhancing the IHA Program's tax benefit thresholds, this bill helps make it a more effective tool in today's housing market—especially for first-time buyers and working families striving to stay in Hawai'i.

In a state where housing costs continue to outpace wages, expanding opportunities for local residents to save and invest in their future is a prudent policy direction. This measure supports our collective goals of strengthening local homeownership, stabilizing communities, and incentivizing long-term residence in Hawai'i.

For these reasons, we respectfully urge your support for SB2552 HD1.

Sincerely,

Matthew Prellberg
Policy & Communications Director

SB-2552-HD-1

Submitted on: 3/31/2026 8:11:15 PM

Testimony for FIN on 4/2/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT!!! MAHALO!