

STAND. COM. REP. NO. 2402

Honolulu, Hawaii

FEB 19 2026

RE: S.B. No. 2552
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B.
No. 2552 entitled:

"A BILL FOR AN ACT RELATING TO THE INDIVIDUAL HOUSING ACCOUNT
PROGRAM,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the
maximum annual deduction for contributions to, and maximum account
levels for, individual housing accounts for taxable years
beginning January 1, 2027.

Your Committee received testimony in support of this measure
from the Office of Hawaiian Affairs, one member of the Kaua'i
County Council, Hawai'i Association of REALTORS, Housing Hawai'i's
Future, and three individuals.

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

Your Committee finds that saving for a downpayment remains a
significant challenge for many residents of the State, especially
for first-time homebuyers. The Individual Housing Account (IHA)
program was designed to help first-time homebuyers make
downpayments. However, with the current median single-family home
priced at over \$1 million and the median condominium priced at
over \$600,000, a twenty percent downpayment would be over \$200,000



and over \$125,000, respectively, making existing maximum annual deductions for the IHA program insufficient. Notably, the IHA program has experienced minimal adoption, with only one hundred one participants in 2006. This measure increases the maximum annual deduction for the IHA program to help first-time homebuyers afford a downpayment.

Your Committee has amended this measure by:

- (1) Inserting the following maximum annual deduction amounts for contributions and maximum account levels:
 - (A) \$17,200 paid to an individual housing account for an individual for each taxable year or to each taxpayer for a married couple filing separate returns;
 - (B) \$34,400 paid to an individual housing account for a married couple filing jointly for each taxable year; and
 - (C) \$86,000 for the maximum allowable deduction for an individual for all taxable years;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) Making a technical, nonsubstantive amendment 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. 2552, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2552, 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



