

# TAX FOUNDATION OF HAWAII

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SUBJECT: INCOME, Housing Savings Accounts

BILL NUMBER: SB 2044

INTRODUCED BY: S. CHANG, Baker, Taniguchi

EXECUTIVE SUMMARY: Establishes the procedures for a housing savings account for all employees in the State. Housing savings accounts offer no tax benefits. We question whether establishment of such accounts is worth the administrative expenses and other resources that would need to be expended to establish these accounts.

SYNOPSIS: Adds a new chapter to the HRS to establish housing savings accounts and an agency to oversee them. The accounts would confer no income tax benefits and monies in the accounts may be withdrawn at any time. Requires each employer in the State to offer to its employees the opportunity to contribute to a housing savings account through payroll deduction. Allows the employer in the State to match an employee's contribution into each employee's housing savings account. Each employee in the State shall automatically contribute to a housing savings account; provided that an employee may elect to opt out of contributing to a housing savings account at any time.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: This bill, if enacted, would be a broad-based employer mandate. It would be another in a long list of employer mandates that we already impose upon employers. While encouraging savings may be a good idea in the abstract, we question whether the benefit to be gained would be worth the administrative burdens and broad-based pain that this bill would inflict.

Digested 2/7/2020

**SB-2044**

Submitted on: 2/10/2020 1:32:07 PM

Testimony for HOU on 2/11/2020 1:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Galen Fox	Testifying for Faith Action	Support	No

Comments:

Faith Action supports SB 2044 because it will expand the number of affordable homes here.

**SB-2044**

Submitted on: 2/10/2020 9:28:37 PM

Testimony for HOU on 2/11/2020 1:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ashleigh Loa	Individual	Support	No

Comments: