

Honolulu, Hawaii

February 14, 2018

RE: H.B. No. 2672
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 2672 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to assist low-income renters afford housing by expanding the low-income household renters' income tax credit based upon adjusted gross income and filing status.

The Office of Hawaiian Affairs, Hawaii Appleseed Center for Law and Economic Justice, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, and a concerned individual testified in support of this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments.

Your Committee finds that housing renters in Hawaii are cost burdened, with over half of the State's renters spending more than thirty percent of their income on rent. While Hawaii's Low-Income Household Renters' Tax Credit was created forty years ago to help make up for high rents and tax rates that burden low- and moderate-income households, this tax credit has not been updated in nearly thirty years, not even to account for inflation that occurred over that period of time. Your Committee finds that this



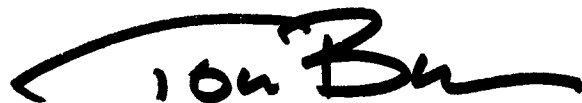
measure is necessary to make housing more affordable for low- and moderate-income households.

Your Committee has amended this measure by:

- (1) Amending the definition of "adjusted gross income" to conform to the federal definition of adjusted gross income to increase accuracy in measuring a taxpayer's income and eligibility for the income tax credit for low-income household renters;
- (2) Changing its effective date to July 1, 2050, to facilitate further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 H.B. No. 2672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2672, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Housing,



TOM BROWER, Chair



State of Hawaii
House of Representatives
The Twenty-ninth Legislature

HSCR 387-18

Record of Votes of the Committee on Housing

Bill/Resolution No.: HB 2672	Committee Referral: HSG, FIN	Date: 2/8/18		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)	✓			
2. NAKAMURA, Nadine K. (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. HASHEM, Mark J.	✓			
5. QUINLAN, Sean				✓
6. SAN BUENAVENTURA, Joy A.	✓			
7. MCDERMOTT, Bob	✓			
TOTAL (7)	6	0	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u><i>Nadine K. Nakamura</i></u>				
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