

Honolulu, Hawaii

February 15, 2018

RE: H.B. No. 2703
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. 2703 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING AFFORDABILITY,"

begs leave to report as follows:

The purpose of this measure is to provide some relief to low-income residents by amending certain tax provisions.

Specifically, this measure:

- (1) Allocates a portion of conveyance tax revenues to the rental assistance revolving fund to be used by the Hawaii Housing Finance and Development Corporation to subsidize rents for persons who meet income requirements;
- (2) Increases the income tax credit for low-income household renters; and
- (3) Converts the state earned income tax credit into a refundable tax credit and changes the amount of the credit to an unspecified percentage of the federal earned income tax credit.



The Office of Hawaiian Affairs, Hawaii Appleseed Center for Law and Economic Justice, League of Women Voters of Hawaii, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, and one individual testified in support of this measure. The Hawai'i Association of REALTORS testified in opposition. Department of Taxation, Hawaii Housing Finance and Development Corporation, and Tax Foundation of Hawaii provided comments.

Your Committee finds that decreasing the tax burden on low-income wage earners will provide those wage earners with much-needed financial flexibility to address their needs. These adjustments will assist low-income wage earners without adversely affecting the State's fiscal status.

Your Committee has amended this measure by:

- (1) Changing its effective date to January 1, 2050, to promote further discussion; and
- (2) 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. 2703, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2703, 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



