

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 1081

S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committees on Housing and Energy, Economic Development,  
and Tourism, to which was referred S.B. No. 1081 entitled:

"A BILL FOR AN ACT RELATING TO INDIVIDUAL DEVELOPMENT  
ACCOUNTS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Expand the qualified expenditures of individual development account funds to rental housing associated costs, transportation associated costs, costs related to the purchase or repair of a motor vehicle, and qualified business capitalization expenses for a small business;
- (2) Expand the eligibility for state-funded individual development accounts to individuals with income up to 100 percent of the area median income;
- (3) Clarify certain requirements for fiduciary organizations;
- (4) Require the Department of Business, Economic Development, and Tourism to certify the tax credits for contributions;



- (5) Establish requirements for fiduciary organizations to maintain state match funds for individual development accounts; and
- (6) Reactivate the individual development account tax credit for taxable years 2020 through 2024.

Your Committees received testimony in support of this measure from the Hawaiian Community Assets, Hawai'i Alliance for Community-Based Economic Development, Hawaii State Federal Credit Union, O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, Hawaii HomeOwnership Center, and one individual. Your Committees received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; and Tax Foundation of Hawaii.

Your Committees find that individual development accounts are matched savings accounts that enable low- and moderate-income individuals to save, build assets, obtain stable housing, and ensure a financially secure future. Your Committees further find that individual development accounts assist low- and moderate-income individuals who are participating in financial education and use the savings for targeted purposes, such as housing, post-secondary education, small business development, and transportation for work and school.

Your Committees also find that the individual development account tax credit ended in 2004. Your Committees believe that although the fiscal impacts of reinstating the tax credit are unknown, there is merit in reinstating this tax credit to help low- and moderate-income individuals become more financially secure and stable in the future.

Your Committees have amended this measure by:

- (1) Changing the income cap of an individual development account holder from 100 percent of the area household median income to an unspecified percentage;
- (2) Changing references of the Business Development and Support Division of the Department of Business, Economic Development, and Tourism to the Department of Human Services, thereby reinstating the Department of Human



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Services as the manager of fiduciary organizations' responsibilities and certifier of individual development account tax credits;

- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees note that it is the intent of your Committees to integrate this measure with Senate Bill No. 1310, Regular Session of 2019, which is the individual housing accounts measure.


As affirmed by the records of votes of the members of your Committees on Housing and Energy, Economic Development, and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1081, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1081, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Housing and  
Energy, Economic Development,  
and Tourism,



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GLENN WAKAI, Chair



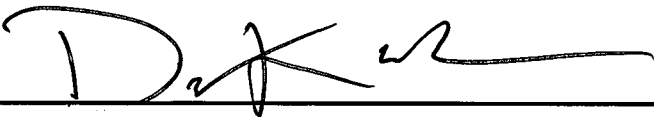
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STANLEY CHANG, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

Record of Votes  
Committee on Housing  
HOU

Bill / Resolution No.:* <b>SB 1081</b>	Committee Referral: <b>HOU/EET, WAM</b>	Date: <b>2/13/2019</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
MORIWAKI, Sharon Y.	✓			
THIELEN, Laura H.	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	5	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original      Yellow      Pink      Goldenrod File with Committee Report      Clerk's Office      Drafting Agency      Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Energy, Economic Development, and Tourism**  
**EET**

Bill / Resolution No.:* <span style="font-size: 1.5em;">8B 1081</span>	Committee Referral: <span style="font-size: 1.5em;">HOU/ED, WAM</span>	Date: <span style="font-size: 1.5em;">2/13/19</span>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
<b>The Recommendation is:</b> <input type="checkbox"/> Pass, unamended <span style="margin-left: 100px;"><input checked="" type="checkbox"/> Pass, with amendments</span> <span style="margin-left: 100px;"><input type="checkbox"/> Hold</span> <span style="margin-left: 100px;"><input type="checkbox"/> Recommit</span> <span style="margin-left: 100px;">2312</span> <span style="margin-left: 100px;">2311</span> <span style="margin-left: 100px;">2310</span> <span style="margin-left: 100px;">2313</span>				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
WAKAI, Glenn (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
INOUYE, Lorraine R.	✓			
KEOHOKALOLE, Jarrett	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>				
Chair's or Designee's Signature: <span style="font-size: 1.5em; vertical-align: middle;"> </span>				
<b>Distribution:</b> <span style="margin-left: 40px;">Original File with Committee Report</span> <span style="margin-left: 100px;">Yellow Clerk's Office</span> <span style="margin-left: 100px;">Pink Drafting Agency</span> <span style="margin-left: 100px;">Goldenrod Committee File Copy</span>				

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