

STAND. COM. REP. NO.

1752

Honolulu, Hawaii

MAR 18, 2025

RE: S.B. No. 826
S.D. 1
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Housing, to which was referred S.B. No. 826, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE LOW-INCOME HOUSING TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to exclude state departments and agencies from eligibility for the Low-Income Housing Tax Credit.

Your Committee received testimony in opposition to this measure from the Department of Hawaiian Home Lands. Your Committee received comments on this measure from the Department of Taxation; Hawaii Housing Finance and Development Corporation; Hawaii Public Housing Authority; and Tax Foundation of Hawaii.

Your Committee finds that under this measure as currently drafted, the Low-Income Housing Tax Credit (LIHTC) would be unavailable for projects where the development, planning, or construction is done by any state department or agency, including the Hawaii Housing Finance and Development Corporation. However, your Committee notes that it is unclear as to whether the exclusion in this measure applies to projects where state agencies act as co-developers with private entities and whether this would

2025-2674 SB826 HD1 HSCR HMSO



1352

apply to projects where state funds are utilized in conjunction with LIHTC, such as the use of the Rental Housing Revolving Fund. Your Committee believes that maintaining the State's ability to utilize the LIHTC is necessary to address the lack of affordable housing in the State.

Accordingly, your Committee has amended this measure by:

- (1) Reverting to the contents of this measure as it was introduced, which specifies that the School Facilities Authority is not eligible as a housing developer for purposes of the LIHTC; and
- (2) Changing the effective date to July 1, 3000, to encourage further discussion.

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. 826, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 826, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

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



LUKE A. EVSLIN, Chair



HECR 1752

Bill/Resolution No.: SB 826 SDI		Committee Referral: HSG, FIN		Date: 3/14/25	
<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. EVSLIN, Luke A. (C)		✓			
2. MIYAKE, Tyson K. (VC)		✓			
3. COCHRAN, Elle					✓
4. GRANDINETTI, Tina Nakada		✓			
5. KILA, Darius K.		✓			
6. KITAGAWA, Lisa		✓			
7. LA CHICA, Trish		✓			
8. MURAOKA, Christopher L.		✓			
9. PIERICK, Elijah					✓
TOTAL (9)		7	0	0	2
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>Tyson Miyake</u>					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					