

STAND. COM. REP. NO.

564

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 944

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 944
entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize a partner or member in a partnership or
limited liability company that has been allocated a
Low-Income Housing Tax Credit to further allocate the
credit or transfer, sell, or assign up to one hundred
percent of the tax credit, under certain conditions; and
- (2) Extend the sunset date for certain provisions of the
Low-Income Housing Tax Credit for low-income buildings.

Your Committee received testimony in support of this measure
from the Hawaii Housing Finance and Development Corporation, Sugar
Creek Capital, NAIOP Hawaii, EAH Housing, and Chamber of Commerce
Hawaii.

Your Committee received comments on this measure from the
Department of Taxation and Tax Foundation of Hawaii.



Your Committee finds that the Low-Income Housing Tax Credit is one of the most commonly utilized resources for creating affordable housing in the State. However, existing provisions concerning the State's Low-Income Housing Tax Credit do not provide for the transfer, allocation, sale, or assignment of a developer's total tax credit allocation. Providing greater flexibility that allows for more investors to participate in affordable housing developments will expand access to investment, enhance the utility of the credit, and promote housing development.

Your Committee notes that, presently, \$1 in state Low-Income Housing Tax Credits sells for only 62 cents. Therefore, it is important to increase the value of the foregone tax revenue.

Your Committee has amended this measure by:

- (1) Inserting language requiring the transferee to receive the transfer or assignment of the tax credit before the date the tax return, or amended return, is filed claiming the tax credit;
- (2) Clarifying that the transferor shall notify the Department of Taxation at least thirty days before the transferee claims the tax credit (in a manner of notification prescribed by the Department); and
- (3) Making it apply to taxable years beginning after December 31, 2025.

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. 944, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 944, S.D. 1, and be referred to your Committee on Ways and Means.



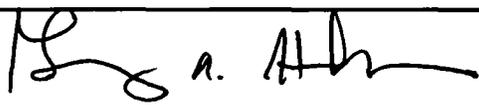
Respectfully submitted on
behalf of the members of the
Committee on Housing,


STANLEY CHANG Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 944	HOU, WAM	2/4/25		
<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)	/			
HASHIMOTO, Troy N. (VC)	/			
AQUINO, Henry J.C.				/
KANUHA, Dru Mamo	/			
FEVELLA, Kurt	/			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes