

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



DEAN MINAKAMI  
EXECUTIVE DIRECTOR

## STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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HONOLULU, HAWAII 96813  
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### Statement of DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation  
Before the

### SENATE COMMITTEE ON HOUSING

February 04, 2025 at 1:00 p.m.  
State Capitol, Room 225

In consideration of

### S.B. 944

### RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.

Chair Chang, Vice Chair Hashimoto, and members of the Committee.

HHFDC **supports** SB 944, which authorizes a partner or member in a partnership or limited liability company that has been allocated a low-income housing tax credit (LIHTC) to further allocate the credit or transfer, sell, or assign up to 100% of the tax credit, under certain conditions. It also extends the sunset date for certain provisions of LIHTC for low-income buildings.

LIHTC is one of the most important resources for creating affordable housing in the United States today. This bill would significantly expand the pool of investors by allowing developers to further allocate the credit or transfer, sell, or assign up to 100% of the tax credit, under certain conditions. HHFDC also supports extending the sunset date by five years, to 2032, to provide greater certainty to developers and investors.

Thank you for the opportunity to testify on this bill.

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

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GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 944, Relating to the Low-Income Housing Tax Credit.

**BEFORE THE:**

Senate Committee on Housing

**DATE:** Tuesday, February 4, 2025

**TIME:** 1:00 p.m.

**LOCATION:** State Capitol, Room 225

Chair Chang, Vice-Chair Hashimoto, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 944 for your consideration.

Section 1 of S.B. 944 amends section 235-110.8(b), Hawaii Revised Statutes (HRS), to allow a partner, or member, of a partnership or limited liability company, that has been allocated a low-income housing tax credit (LIHTC), to further allocate a credit, or transfer, sell, or assign all or a portion of a credit to any taxpayer (regardless of whether the taxpayer has a direct or indirect interest in the subject property) if proper notification is made in a manner to be determined by DOTAX.

Section 2 of the bill amends Act 129, Session Laws of Hawaii 2016, to extend its repeal and reenactment date from December 31, 2027, to December 31, 2032.

This measure is effective upon approval, provided that the amendments made under section 235-110.8(b) shall not be repealed on December 31, 2032.

DOTAX notes that the bill does not limit the timeframe for reporting sales or transfers of the low-income housing tax credit. The lack of a reporting deadline risks

taxpayers claiming the credit without DOTAX having notice of credit sales or transfers. DOTAX recommends an amendment starting on page 1, line 16, to read as follows:

A partner or member that is a partnership or limited liability company that has been allocated a credit may either further allocate the credit or transfer, sell, or assign all or a portion of the credit to any taxpayer, regardless of whether the taxpayer owns a direct or indirect interest in the qualified low-income building; provided that for any tax year in which the credit is transferred, sold, or assigned pursuant to this subsection, the transferee must have received the transfer or assignment of the tax credit prior to the date a tax return, or amended return, claiming the tax credit is filed and the transferor shall notify the department of taxation of the transfer, sale, or assignment at least thirty days prior to the transferee claiming the tax credits. The notification shall be in the manner prescribed by the department.

Also, given the complex nature of the proposed credit transfer provision, DOTAX requests that the effective date of the bill be amended to taxable years beginning after December 31, 2025, to provide sufficient time to make the necessary form, instruction, and computer system changes, and provide taxpayer guidance on the changes.

Thank you for the opportunity to provide comments on this measure.



**Subject:** Support for Senate Bill 944 (SB944)

Dear Senator Chang and Members of the Committee,

I am writing to express my strong support for Senate Bill 944 (SB944), which proposes essential changes to the State Low-Income Housing Tax Credit (LIHTC) program. These measures will significantly enhance the utility and effectiveness of the tax credit, thereby increasing investment in affordable housing and addressing Hawaii's pressing housing crisis.

By allowing partnerships and limited liability companies (LLCs) to further allocate, transfer, sell, or assign all or portions of their LIHTCs to other taxpayers, SB944 will:

1. **Expand Access to Investment:** This flexibility will enable a broader range of Hawaii-based businesses and individuals with state income tax liabilities to invest in affordable housing projects, fostering a more inclusive and diversified investor base.
2. **Enhance Affordable Housing Development:** By optimizing the value of State HTCs, these bills will help accelerate the development of affordable housing projects, directly benefiting residents who are in critical need of stable, affordable homes.

Affordable housing is a cornerstone of a thriving and equitable community. By advancing SB944, the Legislature will help create meaningful opportunities for private-sector investment and public benefit, addressing the housing shortage and easing the financial burden on many families across Hawaii.

Thank you for your leadership and dedication to solving Hawaii's housing challenges. I urge your committees to advance SB944 and encourage your colleagues to support these critical measures.

Please feel free to contact me at 912-614-8419 or [tlowmon@sugarcreekcapital.com](mailto:tlowmon@sugarcreekcapital.com) if I can provide additional information or assistance.

Sincerely,

*Tommy Lowmon*

Tommy Lowmon  
Director of Housing Policy

Sugar Creek Capital



February 4, 2025

Senator Stanley Chang Chair  
Senator Troy Hashimoto Vice Chair  
Committee on Housing

RE: **SB 944 - Relating to the Low-Income Housing Tax Credit.**  
**Hearing date: February 4, 2025 at 1:00 PM**

Aloha Chair Chang, Vice Chair Hashimoto and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii in **STRONG SUPPORT of SB 944 RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.** NAIOP Hawaii is the local chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders, and other professionals.

SB 944 authorizes 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 per cent of the tax credit, under certain conditions. Extends the sunset date for certain provisions of the Low-Income Housing Tax Credit for low-income buildings.

NAIOP supports SB 944 which proposes essential changes to the State Low-Income Housing Tax Credit (LIHTC) program. This measure will significantly enhance the utility and effectiveness of the tax credit, thereby increasing investment in affordable housing and addressing Hawaii's pressing housing crisis.

Our members have firsthand experience in the challenges and opportunities of affordable housing developments and understand how vital innovative financing mechanisms are to making these developments feasible. By allowing partnerships and limited liability companies (LLCs) to further allocate, transfer, sell, or assign all or portions of their LIHTCs to other taxpayers, SB 944 will:

1. **Expand Access to Investment:** This flexibility will enable a broader range of Hawaii-based businesses and individuals with state income tax liabilities to invest in affordable housing projects, fostering a more inclusive and diversified investor base.
2. **Increase the Utility of the Credit:** Developers will have greater capacity to leverage the LIHTC program by engaging with investors who are best positioned to utilize the credits effectively, ensuring projects receive the necessary funding.

3. Enhance Affordable Housing Development: By optimizing the value of State LIHTCs, these bills will help accelerate the development of affordable housing projects, directly benefiting residents who are in critical need of stable, affordable homes.

Moreover, the proposed extension of the sunset date for the State LIHTC from 2027 to 2032 provides a much-needed runway to maintain momentum in affordable housing initiatives. Long-term certainty is critical for planning and executing large-scale developments, and this extension will ensure continuity and stability in Hawaii's affordable housing efforts.

Affordable housing is a cornerstone of a thriving and equitable community. By advancing SB 944, the Legislature will help create meaningful opportunities for private-sector investment and public benefit, addressing the housing shortage and easing the financial burden on many families across our state.

Thank you for your leadership and dedication to solving Hawaii's housing challenges. I urge your committees to advance SB 944 and encourage your colleagues to support these critical measures. NAIOP Hawaii appreciates the Legislature's commitment to creating affordable housing for Hawaii residents and we look forward to working together. Thank you for the opportunity to provide testimony.

Mahalo for your consideration,



Reyn Tanaka, President  
NAIOP Hawaii

*Expanding the range of opportunities for all by  
developing, managing and promoting quality  
affordable housing and diverse communities.*



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Testimony of EAH Housing | Hawai'i Region  
RELATING TO SB 944

Tuesday February 04, 2025  
**Written Testimony Only**

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**Committee on Housing**

Chair Stanley Chang, Vice Chair Troy Hashimoto  
Members Henry Aquino, Dru Kanuha, and Kurt Fevella

Thank you for the opportunity to testify in **support** of SB944, as this measure represents an important advancement in Hawaii's efforts to address the affordable housing crisis by improving the flexibility and functionality of the Low-Income Housing Tax Credit (LIHTC) program.

Allowing the transfer, sale, or assignment of all or portions of the LIHTC to other taxpayers provides critical flexibility for partnerships and limited liability companies, ensuring that credits are fully utilized. This enhancement will improve project financing efficiency, attract broader investment, and reduce barriers to funding affordable housing developments. Furthermore, extending the sunset date for these provisions ensures continuity and long-term stability for developers seeking to address Hawaii's pressing housing needs.

This bill directly supports the creation of affordable housing by addressing financing gaps and leveraging private investment, which is essential to meet the growing demand for low-income housing. By passing SB944, the Legislature reinforces its commitment to practical, effective solutions that encourage the production of affordable housing across the state.

Thank you for your consideration of this important measure.

A handwritten signature in black ink that reads "Karen Seddon". The signature is written in a cursive, flowing style.

Karen Seddon  
Regional Vice President  
EAH Housing

EAH Housing is a non-profit corporation founded with the belief that attractive affordable rental housing is the cornerstone to sustainable, healthy, and livable communities.

733 Bishop Street, Suite 1717  
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(808) 466-7774

**Testimony to the Senate Committee on Housing  
Senator Stanley Chang, Chair  
Senator Troy N. Hashimoto, Vice Chair**

**Tuesday, February 4, at 1:00PM  
Conference Room 225 & Videoconference**

**LATE**

**RE: SB944 Relating to Workforce Housing**

Aloha e Chair Chang, Vice Chair Hashimoto, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports Senate Bill 944 (SB944), which authorizes 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 per cent of the tax credit, under certain conditions and extends the sunset date for certain provisions of the Low-Income Housing Tax Credit for low-income buildings.

SB944 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Business Services. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

This bill expands Hawaii's low-income housing tax credit by increasing flexibility and extending its duration. It allows partnerships and LLCs to allocate, transfer, sell, or assign credits to any taxpayer, even without ownership in a low-income building, encouraging private investment in affordable housing.

The bill also extends the program's sunset date from 2027 to 2032, ensuring long-term support for housing initiatives. This stability fosters continued development, addressing Hawaii's housing shortage and improving access to affordable homes. The Chamber supports this bill for promoting investment, sustaining development, and boosting economic growth while enhancing residents' quality of life.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass Senate Bill 944. Thank you for the opportunity to testify.

# TAX FOUNDATION OF HAWAII

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735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

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SUBJECT: NET INCOME; Allocation; Transfer, Sale, or Assignment; Direct or Indirect Interest

BILL NUMBER: SB 944

INTRODUCED BY: HASHIMOTO

EXECUTIVE SUMMARY: Authorizes 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 per cent of the tax credit, under certain conditions. Extends the sunset date for certain provisions of the Low-Income Housing Tax Credit for low-income buildings.

SYNOPSIS: Amends section 235-110.8, HRS, to provide that a partner or member that is a partnership or limited liability company that has been allocated a credit may either further allocate the credit or transfer, sell, or assign all or a portion of the credit to any taxpayer, whether or not the taxpayer owns a direct or indirect interest in the qualified low-income building; provided that for any tax year in which the credit is transferred, sold, or assigned pursuant to this subsection, the transferor shall notify the department of taxation of the transfer, sale, or assignment in the manner prescribed by the department.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: We note that in section 235-110.8(b), as it is proposed to be amended, the word “taxpayer” as used in the first paragraph does not seem to have the same meaning as the word “taxpayer” as used in the second paragraph (a buyer or transferee of the “taxpayer” mentioned in the first paragraph). To prevent confusion, the amendment should be redrafted to use different terminology.

Also, it may be simpler to enact a mechanism for selling the credit, which appears to be the end goal here.

Digested: 1/31/2025