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February 28, 2012

**The Honorable Marcus R. Oshiro, Chair**  
House Committee on Finance  
State Capitol, Room 308  
Honolulu, Hawaii 96813

**RE: H.B. 2326, Relating to Taxation**

**HEARING: Tuesday, February 28, 2012, at 2:00 p.m.**

Aloha Chair Oshiro, Vice Chair Lee, and Members of the Committee:

I am Craig Hirai, Chair of the Affordable Housing Subcommittee of the Government Affairs Committee, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,500 members. HAR **opposes Section 6** of H.B. 2326, which provides that the basis of eligible depreciable property for state income tax purposes shall be reduced by the amount of the Low-Income Housing Tax Credit ("LIHTC") claimed.

HAR believes that Section 6 of H.B. 2326 will effectively devalue the LIHTC and further discourage and complicate its use.

HAR believes that any further devaluation of the LIHTC will effectively reduce the use of this State subsidy for low-income rental housing projects and increase the demand for additional subsidies from other sources such as the Rental Housing Trust Fund or the in-lieu loan program under HRS §§ 235-110.8(i) and 201H-86.

For the foregoing reasons, HAR respectfully requests that this Committee delete Section 6 from H.B. 2326.

Mahalo for the opportunity to testify.

