

Honolulu, Hawaii

APR 06 2016

RE: H.B. No. 2744
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B.
No. 2744, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to increase funding
for affordable rental housing development.

Specifically, this measure:

- (1) Increases the aggregate state housing credit dollar amount available for award annually;
- (2) Bases the amount of the state low-income housing tax credit, for qualified low-income buildings that receive an allocation after December 31, 2016, on whether or not a building is financed by tax-exempt bonds;
- (3) Amends the state low-income housing tax credit by reducing the applicable credit period from ten years to five years;
- (4) Limits the total amount of state low-income housing tax credits that may be claimed over a ten-year period; and
- (5) Deletes provisions of the state low-income housing tax credit that required the application of Internal Revenue



Code sections related to at-risk rules and limitation of passive activity losses and credits.

Your Committee received written comments in support of this measure from the Building Industry Association of Hawaii; Catholic Charities Hawaii; Chamber of Commerce Hawaii; Hawaii Association of Realtors; Hawaii Laborers-Employers Cooperation and Education Trust; Land Use Research Foundation of Hawaii; Stanford Carr Development, LLC; and one individual.

Your Committee received comments on this measure from the Department of Taxation and Hawaii Housing Finance and Development Corporation.

Your Committee finds that the development of low-income affordable housing is necessary to address the issue of homelessness and to respond to the critical shortage of affordable housing inventory in the State. Your Committee also finds that increasing the investment attractiveness of the state low-income housing tax credit would generate more equity to finance the development of affordable rental housing projects.

Your Committee notes that this measure originally had an effective date of July 1, 2017. Your Committee further notes that, using the original effective date, the Department of Taxation estimates that this measure will result in revenue losses of \$9,000,000 in fiscal year 2019, \$18,000,000 in fiscal year 2020, and \$27,000,000 in fiscal year 2021.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2744, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



JILL N. TOKUDA, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 2744, HD1, SD1	Committee Referral: HDU, WAM	Date: 3/30/16										
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____												
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>												
Members	Aye	Aye (WR)	Nay	Excused								
TOKUDA, Jill N. (C)	/											
DELA CRUZ, Donovan M. (VC)	/											
CHUN OAKLAND, Suzanne	/											
ENGLISH, J. Kalani				/								
GALUTERIA, Brickwood	/											
HARIMOTO, Breene	/											
INOUE, Lorraine R.				/								
RIVIERE, Gil	/											
TANIGUCHI, Brian T.	/											
WAKAI, Glenn	/											
SLOM, Sam				/								
TOTAL	8			3								
Recommendation: <div style="display: flex; justify-content: space-around; align-items: center;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>												
Chair's or Designee's Signature:												
<table style="width: 100%; font-size: 0.8em;"> <tr> <td style="width: 25%;">Distribution:</td> <td style="width: 25%;">Original</td> <td style="width: 25%;">Yellow</td> <td style="width: 25%;">Pink</td> </tr> <tr> <td></td> <td>File with Committee Report</td> <td>Clerk's Office</td> <td>Drafting Agency</td> </tr> </table> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div></div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div></div> <div>Committee File Copy</div> </div>					Distribution:	Original	Yellow	Pink		File with Committee Report	Clerk's Office	Drafting Agency
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*Only one measure per Record of Votes