

STAND. COM. REP. NO.

139

Honolulu, Hawaii

FEB 04 , 2025

RE: H.B. No. 916
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 H.B. No. 916
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:

- (1) Allow tax credits claimed under the state Low-Income
Housing Tax Credit Program to be used to offset taxes
imposed by the state transient accommodations tax law in
the county where the qualified low-income building is
located; and
- (2) Make permanent Act 129, Session Laws of Hawaii 2016,
relating to the State Low-Income Housing Tax Credit.

Your Committee received testimony in support of this measure
from the Hawaii Housing Finance and Development Corporation and
Maui Chamber of Commerce. Your Committee received comments on
this measure from the Department of Taxation and Tax Foundation of
Hawaii.

Your Committee finds that this measure significantly expands
the pool of investors by allowing affordable housing developers

2025-1185 HB916 HD1 HSCR HMSO



and project partners to attract contributions from entities with transient accommodations tax obligations, not just income tax liabilities. This broader investor base would enhance the ability of affordable housing developers to raise equity efficiently. Increased investor participation can lead to faster project funding, less reliance on other financing sources, and enhanced affordability for residents. This measure also makes the State Low-Income Housing Tax Credit more attractive to businesses, which can further the State's goal of building more low-income housing.

Your Committee has amended this measure by:

- (1) Clarifying that under the transient accommodations tax law, the Low-Income Housing Tax Credit may be utilized toward a taxpayer's transient accommodations tax liability;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee notes the request by the Department of Taxation to have this measure be applicable to taxable years beginning after December 31, 2026, rather than taxable years beginning after December 31, 2025, to provide sufficient time for the Department to implement the changes proposed by this measure.

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 H.B. No. 916, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 916, H.D. 1, and be referred to your Committees on Tourism and Economic Development & Technology.



STAND. COM. REP. NO.
Page 3

139

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

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LUKE A. EVSLIN, Chair



