

STAND. COM. REP. NO.

500

Honolulu, Hawaii

FEB 12 , 2025

RE: H.B. No. 949
H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Economic Development & Technology, to which was referred H.B. No. 949, H.D. 1, 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) Clarify that a partner or member that is a partnership or limited liability company that has been allocated a Low-Income Housing Tax Credit may either further allocate the credit or transfer, sell, or assign all or a portion of the credit to any taxpayer; and
- (2) Extend the sunset date of Act 129, Session Laws of Hawaii 2016, relating to the Low-Income Housing Tax Credit.

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

2025-1689 HB949 HD2 HSCR HMSO



Your Committee finds that there is an urgent need to increase the availability of low-income housing in the State and encourage the development of these projects. Your Committee further finds that the Low-Income Housing Tax Credit should be amended to make the credit more accessible to investors and encourage greater private sector participation in affordable housing projects. This measure addresses this need by allowing partnerships and limited liability companies to transfer, sell, or assign credits to any person and extending the sunset date for the Low-Income Housing Tax Credit to 2032.

Your Committee has amended this measure by:

- (1) Clarifying that a partner or member may allocate the credit or transfer, sell, or assign the credit to any person;
- (2) Clarifying that the transferee must have received the transfer or assignment of the tax credit prior to the date a tax return claiming the tax credit is filed;
- (3) Requiring the transferor to notify the Department of Taxation, in a manner prescribed by the Department, of the transfer, sale, or assignment at least thirty days prior to the transferee claiming the tax credits;
- (4) Specifying that it shall apply to taxable years beginning after December 31, 2025; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 949, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 949, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Technology,



GREGGOR ILAGAN, Chair



