

STAND. COM. REP. NO.

1752

Honolulu, Hawaii

**MAR 18**, 2025

RE: S.B. No. 826  
S.D. 1  
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 S.B. No. 826, S.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 exclude state departments and agencies from eligibility for the Low-Income Housing Tax Credit.

Your Committee received testimony in opposition to this measure from the Department of Hawaiian Home Lands. Your Committee received comments on this measure from the Department of Taxation; Hawaii Housing Finance and Development Corporation; Hawaii Public Housing Authority; and Tax Foundation of Hawaii.

Your Committee finds that under this measure as currently drafted, the Low-Income Housing Tax Credit (LIHTC) would be unavailable for projects where the development, planning, or construction is done by any state department or agency, including the Hawaii Housing Finance and Development Corporation. However, your Committee notes that it is unclear as to whether the exclusion in this measure applies to projects where state agencies act as co-developers with private entities and whether this would

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apply to projects where state funds are utilized in conjunction with LIHTC, such as the use of the Rental Housing Revolving Fund. Your Committee believes that maintaining the State's ability to utilize the LIHTC is necessary to address the lack of affordable housing in the State.

Accordingly, your Committee has amended this measure by:

- (1) Reverting to the contents of this measure as it was introduced, which specifies that the School Facilities Authority is not eligible as a housing developer for purposes of the LIHTC; and
- (2) Changing the effective date to July 1, 3000, to encourage further discussion.

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 S.B. No. 826, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 826, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

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



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LUKE A. EVSLIN, Chair



