
A BILL FOR AN ACT

RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 235-110.8, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) Each taxpayer subject to the tax imposed by this
4 chapter, who has filed a net income tax return for a taxable
5 year may claim a low-income housing tax credit against the
6 taxpayer's net income tax liability. The amount of the credit
7 shall be deductible from the taxpayer's net income tax
8 liability, if any, imposed by this chapter for the taxable year
9 in which the credit is properly claimed on a timely basis. A
10 credit under this section may be allocated by a partnership or
11 limited liability company in any manner agreed to by the
12 partners or members regardless of whether the individual or
13 entity to receive the credit is deemed to be a partner or member
14 for federal income tax purposes, so long as the individual or
15 entity is deemed to be a partner or member pursuant to
16 applicable state law.



1 A partner or member that is a partnership or limited
2 liability company that has been allocated a credit may either
3 further allocate the credit or transfer, sell, or assign all or
4 a portion of the credit to any person, whether or not the person
5 owns a direct or indirect interest in the qualified low-income
6 building; provided that for any taxable year in which the credit
7 is transferred, sold, or assigned pursuant to this subsection,
8 the transferee must have received the transfer or assignment of
9 the tax credit prior to the date a tax return, or amended
10 return, claiming the tax credit is filed and the transferor
11 shall notify the department of taxation of the transfer, sale,
12 or assignment at least thirty days prior to the transferee
13 claiming the tax credits. The notification shall be in the
14 manner prescribed by the department.

15 The credit may be claimed whether or not the taxpayer is
16 eligible to be allocated a federal low-income housing tax credit
17 pursuant to section 42 of the Internal Revenue Code."

18 SECTION 2. Act 129, Session Laws of Hawaii 2016, as
19 amended by section 2 of Act 226, Session Laws of Hawaii 2021, is
20 amended by amending section 4 to read as follows:



1 "SECTION 4. This Act, upon its approval, shall take effect
2 on January 1, 2017, and shall apply to qualified low-income
3 buildings awarded credits after December 31, 2016; provided that
4 this Act shall be repealed on December 31, [~~2027~~] 2032, and
5 section 235-110.8, Hawaii Revised Statutes, shall be reenacted
6 in the form in which it read on the day prior to the effective
7 date of this Act."

8 SECTION 3. Act 226, Session Laws of Hawaii 2021, is
9 amended by amending section 4 to read as follows:

10 "SECTION 4. This Act shall take effect on July 1, 2021,
11 and shall apply to taxable years beginning after December 31,
12 2020; provided that the amendments made to section 235-110.8,
13 Hawaii Revised Statutes, by section 1 of this Act shall not be
14 repealed when that section is reenacted on December 31, [~~2027~~]
15 2032, pursuant to section 4 of Act 129, Session Laws of Hawaii
16 2016, [~~and~~] as amended by section 2 of this Act[~~-~~], as amended
17 by section 2 of Act _____, Session Laws of Hawaii 2025."

18 SECTION 4. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 5. This Act shall take effect on July 1, 3000, and
21 shall apply to taxable years beginning after December 31, 2025;



1 provided that the amendments made to section 235-110.8(b),
2 Hawaii Revised Statutes, by section 1 of this Act shall not be
3 repealed when that section is reenacted on December 31, 2032,
4 pursuant to section 4 of Act 129, Session Laws of Hawaii 2016,
5 as amended by section 2 of Act 226, Session Laws of Hawaii 2021,
6 as amended by section 2 of this Act.



Report Title:

Low-Income Housing Tax Credit; Extension; Partners; Limited Liability Companies

Description:

Clarifies 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 person. Extends the sunset date of Act 129, SLH 2016, relating to the low-income housing tax credit, from 12/31/2027 to 12/31/2032. Effective 7/1/3000. (HD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

