

JAN 23 2026

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# 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 taxpayer, whether or not the  
5        taxpayer owns a direct or indirect interest in the qualified  
6        low-income building; provided that for any tax year in which the  
7        credit is transferred, sold, or assigned pursuant to this  
8        subsection, the transferor shall notify the department of  
9        taxation of the transfer, sale, or assignment by the twentieth  
10       day of the first month following the end of the taxable year for  
11       which the credit may be claimed.

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

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

18       "SECTION 4. This Act, upon its approval, shall take effect  
19       on January 1, 2017, and shall apply to qualified low-income  
20       buildings awarded credits after December 31, 2016; provided that  
21       this Act shall be repealed on December 31, [2027,] 2032, and



1 section 235-110.8, Hawaii Revised Statutes, shall be reenacted  
2 in the form in which it read on the day prior to the effective  
3 date of this Act."

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

6 "SECTION 4. This Act shall take effect on July 1, 2021,  
7 and shall apply to taxable years beginning after December 31,  
8 2020; provided that the amendments made to section 235-110.8,  
9 Hawaii Revised Statutes, by section 1 of this Act shall not be  
10 repealed when that section is reenacted on December 31, [2027,]  
11 2032, pursuant to section 4 of Act 129, Session Laws of Hawaii  
12 2016, [~~and~~] as amended by section 2 of this Act."

13 SECTION 4. Statutory material to be repealed is bracketed  
14 and stricken. New statutory material is underscored.

15 SECTION 5. This Act, upon its approval, shall take effect  
16 on July 1, 2026, and shall apply to taxable years beginning  
17 after December 31, 2025; provided that the amendments made to  
18 section 235-110.8(b), Hawaii Revised Statutes, by section 1 of  
19 this Act shall not be repealed when that section is reenacted on  
20 December 31, 2032, pursuant to section 4 of Act 129, Session



# S.B. NO. 2675

- 1 Laws of Hawaii 2016, as amended by section 2 of Act 226, Session
- 2 Laws of Hawaii 2021, and as amended by section 2 of this Act.

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INTRODUCED BY:

Ly. A. All



# S.B. NO. 2675

**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 taxpayer. Extends the sunset date of Act 129, SLH 2016, relating to the low-income housing tax credit, until 12/31/2032.

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

