

STAND. COM. REP. NO. **3276**

Honolulu, Hawaii

MAR 30 2026

RE: H.B. No. 1920
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1920, 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 and intent 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, until December 31, 2032.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation; AARP Hawaii; Aloha Independent Living Hawaii; American Council of Life Insurers; Hunt Capital Partners; Sugar Creek Capital; NAIOP Hawaii; Avalon Development Company LLC; Maui Chamber of Commerce; and Mark Development, Inc.



Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and one individual.

Your Committee finds that the Low-Income Housing Tax Credit (LIHTC) is a significant component in the State's housing financing approach. However, the LIHTC program would benefit from added flexibility and broader participation. Because nonprofit entities are unable to use LIHTC credits, the sale of the credits to an investor can make available new funds to be invested in providing additional low-income housing for the State's residents.

However, your Committee notes the inefficiency of financing housing projects with a state tax credit that sells for sixty cents on the dollar. Accordingly, it would be more fiscally efficient to collect the full value of the tax and make a direct appropriation to projects the Legislature deems to be in the best interests of the State. Your Committee therefore requests that subsequent Committees to which this measure is referred consider these concerns as it moves through the legislative process.

Your Committee further finds that amendments to this measure are needed to prevent a windfall of profits to holders of existing credits.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that a partner or member may only further allocate or transfer, sell, or assign a low-income housing tax credit issued after July 1, 2026; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

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. 1920, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1920, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



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



STANLEY CHANG, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1920, HD1	HOU, WAM	03/24/2026		
<input checked="" type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: <u>pass with amendments</u>				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	✓			
HASHIMOTO, Troy N. (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
RHOADS, Karl	✓			
FEVELLA, Kurt	✓			
TOTAL	5	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <u>[Signature]</u>				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes

The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* <i>HB 1920, HD1</i>	Committee Referral: <i>HOU, WAM</i>	Date: <i>03/17/26</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	/			
HASHIMOTO, Troy N. (VC)	/			
ELEFANTE, Brandon J.C.	/			
RHOADS, Karl	/			
FEVELLA, Kurt				/
TOTAL	<i>4</i>	<i>0</i>	<i>0</i>	<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Troy N. Hashimoto</i>				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

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