
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 For credits issued after July 1, 2026, a partner or member
2 of a partnership or limited liability company that has been
3 allocated a credit may either further allocate the credit or
4 transfer, sell, or assign all or a portion of the credit to any
5 taxpayer, whether or not the taxpayer owns a direct or indirect
6 interest in the qualified low-income building; provided that for
7 any tax year in which the credit is transferred, sold, or
8 assigned pursuant to this subsection, the transferor shall
9 notify the department of taxation of the transfer, sale, or
10 assignment by the twentieth day of the first month following the
11 end of the taxable year for which the credit may be claimed in a
12 manner prescribed by the department.

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

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

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



1 this Act shall be repealed on December 31, [~~2027~~] 2032, and
2 section 235-110.8, Hawaii Revised Statutes, shall be reenacted
3 in the form in which it read on the day prior to the effective
4 date of this Act."

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

7 "SECTION 4. This Act shall take effect on July 1, 2021,
8 and shall apply to taxable years beginning after December 31,
9 2020; provided that the amendments made to section 235-110.8,
10 Hawaii Revised Statutes, by section 1 of this Act shall not be
11 repealed when that section is reenacted on December 31, [~~2027~~]
12 2032, pursuant to section 4 of Act 129, Session Laws of Hawaii
13 2016, [~~and~~] as amended by section 2 of this Act."

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 Statutory material to be repealed is bracketed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

16 SECTION 5. This Act shall take effect on July 1, 2050, and
17 shall apply to taxable years beginning after December 31, 2026;
18 provided that the amendments made to section 235-110.8(b),
19 Hawaii Revised Statutes, by section 1 of this Act shall not be
20 repealed when that section is reenacted on December 31, 2032,
21 pursuant to section 4 of Act 129, Session Laws of Hawaii 2016,



1 as amended by section 2 of Act 226, Session Laws of Hawaii 2021,
2 and as amended by section 2 of this Act.
3



Report Title:

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

Description:

Clarifies that a partner or member of a partnership or limited liability company that has been allocated a low-income housing tax credit issued after July 1, 2026, 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. Effective 7/1/2050. (SD1)

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

