

Honolulu, Hawaii

FEB 19

, 2026

RE: H.B. No. 1920

H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Housing, to which was referred H.B. No. 1920 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:

- (1) Clarify that a partner or member of a partnership or limited liability company that has been allocated a Low-Income Housing Tax Credit may further allocate, 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; NAIOP Hawaii; American Council of Life Insurers; Sugar Creek Capital; AARP Hawaii; and Avalon Development Company LLC. Your Committee received comments on this measure from the Department of Taxation and one individual.



Your Committee finds that the Low-Income Housing Tax Credit is a critical tool for facilitating affordable housing development throughout the State. Your Committee further finds that Act 129, Session Laws of Hawaii 2016, as amended by Act 226, Session Laws of Hawaii 2022, increased funding for affordable housing development by making the Low-Income Housing Tax Credit more valuable. Your Committee believes that greater flexibility in how credits may be allocated or transferred will help broaden investor participation and improve project financing options, thereby strengthening the State's capacity to support affordable housing production.

Your Committee has amended this measure by:

- (1) Clarifying that the Department of Taxation may prescribe the manner in which the notice of the transfer of Low-Income Housing Tax Credits will occur;
- (2) Specifying that this measure applies to taxable years beginning after December 31, 2026; and
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (4) Making a technical, nonsubstantive amendment for the purposes of clarity, consistency, and style.

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



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

ZAC

LUKE A. EVSLIN, Chair



