

STAND. COM. REP. NO. **3280**

Honolulu, Hawaii

**MAR 30 2026**

RE: H.B. No. 916  
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 Committees on Housing and Economic Development and  
Tourism, to which was referred H.B. No. 916, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE LOW-INCOME HOUSING TAX  
CREDIT,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Allow tax credits claimed under the State Low-Income  
Housing Tax Credit Program to be used to offset taxes  
imposed by the State transient accommodations tax law;
- (2) Specify that tax credit amounts applied to state  
transient accommodations taxes be limited to state  
transient accommodations taxes imposed in the same  
county in which the qualified low-income building is  
located; and
- (3) Make permanent Act 129, Session Laws of Hawaii 2016.

Your Committees received testimony in support of this measure  
from the Hawaii Housing Finance and Development Corporation and  
Mark Development, Inc.



Your Committees received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committees find that one of the most significant challenges in advancing affordable housing development in the State is attracting sufficient investor capital, which is often achieved by the issuance of tax credits. Under existing law, state Low-Income Housing Tax Credits can only be used to offset state income tax liability. By allowing Low-Income Housing Tax Credits to also offset transient accommodations tax liability, this measure broadens the pool of eligible investors and improves developers' ability to raise the equity necessary for financially feasible projects.

Your Committees note, however, the testimony of the Department of Taxation, which describes several challenges that this measure would create. Specifically, this measure would impose significant administrative burdens, including changes to the transient accommodations tax reporting and payments system; make verification of credits difficult, as individuals or investors using the credit will have different identifying information than the accounts that initially earned the credit; and impose difficulties in tracking the county in which the qualified low-income structure is located. Your Committees also note that this measure raises important concerns regarding consumer protection because consumers would pay the transient accommodations tax while the owners of an accommodation would get a tax credit. Finally, your Committees note that the State receives sixty cents on the dollar for the Low-Income Housing Tax Credit, and it would be more fiscally efficient to replace the tax credit with a direct appropriation of funds. Given the limitations of this tax credit and the challenges it may generate in its current form, your Committees suggest that alternatives, such as a refundable tax credit, be considered as this measure moves through the legislative process.

Your Committees have amended this measure by:

- (1) Inserting language to clarify that the tax credits used to offset transient accommodations taxes shall not be subject to personal liability for key individuals and shall be deemed fully compliant if applied in accordance the provisions of this measure;



- (2) Making the tax credit applicable to taxable years beginning after December 31, 2027; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Housing and Economic Development and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 916, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 916, 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  
Committees on Housing and  
Economic Development and  
Tourism,

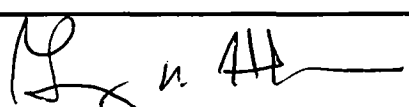
  
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LYNN DECOITE, Chair

  
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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 916, HD1	HOU/EDT, WAM	03/24/2026		
<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		✓		
<b>TOTAL</b>	3	<del>1</del> 1	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Committee	Drafting Agency		

\*Only one measure per Record of Votes

