

STAND. COM. REP. NO. 2640

Honolulu, Hawaii

FEB 20 2026

RE: S.B. No. 2191
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 Commerce and Consumer Protection, to which was referred S.B. No. 2191 entitled:

"A BILL FOR AN ACT RELATING TO LIMITED-PROFIT HOUSING ASSOCIATIONS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish an organizational, tax, and regulatory framework for limited-profit housing associations; and
- (2) Establish the Limited-Profit Housing Council to oversee limited-profit housing associations.

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

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

Your Committees find that Vienna consistently ranks as one of the most livable cities in the world, due in part to the wide availability of below-market rate housing in the city. To achieve this result, Vienna depends on a limit-profit housing model in which housing developers use income generated from housing



developments to build future housing. This measure draws on the lessons of Vienna's success by establishing limited-profit housing associations. By exempting any income earned through housing development from taxation and requiring that the income be reinvested in future housing development, this measure incentivizes greater housing production in the State.

Your Committees have amended this measure by:

- (1) Inserting language requiring the Limited-Profit Housing Council to report to the Legislature with certain information and metrics, including statistics on how many local people are buying units and updates on how Limited Profit Housing Associations are being administered;
- (2) Inserting findings to clarify that the purpose and intent of the limited-profit housing association income tax exemption is to address the state's housing shortage and incentivize reinvesting profits into future housing for local qualified residents;
- (3) Clarifying that the income tax exemption for Limited-Profit Housing Associations shall apply to taxable years beginning after December 31, 2025;
- (4) Delaying the effective date of the conveyance tax exemption to January 1, 2027; and
- (5) 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 Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2191, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2191, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.



Respectfully submitted on
behalf of the members of the
Committees on Housing and
Commerce and Consumer
Protection,



JARRETT KEOHOKALOLE, Chair



STANLEY CHANG, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:
SB2191	HOU/CPN, WAM/JDC	2/3/26
<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	
KEOHOKALOLE, Jarrett (C)	✓	
FUKUNAGA, Carol (VC)	✓	
LAMOSAO, Rachele	✓	
MCKELVEY, Angus L.K.	✓	
AWA, Brenton	✓	
TOTAL	5	0
0	0	0
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Committee	Pink Drafting Agency

*Only one measure per Record of Votes