

STAND. COM. REP. NO. **2399**

Honolulu, Hawaii

**FEB 19 2026**

RE: S.B. No. 2675  
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 S.B. No. 2675 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 of 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; American Council of Life Insurers; Maui Chamber of Commerce; NAIOP Hawaii; Sugar Creek Capital; Stanford Carr Development, LLC; AARP Hawaii; and Hunt Capital Partners, LLC.

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



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 has amended this measure by:

- (1) Specifying that only tax credits issued after July 1, 2026, are eligible for further allocation, transfer, sale, or assignment to another taxpayer;
- (2) Clarifying that a transferor shall notify the Department of Taxation of any transfer, sale, or assignment of the credit in a manner prescribed by the Department of Taxation;
- (3) Amending the taxable years for which the tax credit may be claimed to begin after December 31, 2026;
- (4) Inserting an effective date of July 1, 2050; and
- (5) Making technical, nonsubstantive amendments 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 S.B. No. 2675, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2675, 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

