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GOVERNOR

SYLVIA LUKE
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DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300

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Statement of

DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 27, 2026 at 2:00 p.m.

State Capitol, Room 308

In consideration of

HOUSE BILL 1920 HOUSE DRAFT 1

RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.

Chair Todd, Vice Chair Takenouchi, and members of the Committee.

HHFDC **supports** House Bill 1920 House Draft 1, which clarifies that a partner or member that is 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.

This measure represents an improvement to the Low-Income Housing Tax Credit (LIHTC) program by clarifying and expanding the flexibility of credit allocation and transfer. This bill allows partnerships and limited liability companies that have been allocated credits to further allocate, transfer, sell, or assign all or a portion of the credit to any taxpayer, regardless of ownership interest. This flexibility is critical for attracting additional investment into affordable housing projects.

By enabling broader participation and liquidity in the credit market, this bill can help improve pricing for LIHTC transactions. Increased competition and flexibility in credit transfers often lead to better pricing, which in turn reduces financing gaps and strengthens the financial feasibility of affordable housing developments. This improvement is especially important in Hawaii, where high construction costs and limited resources make every dollar count toward creating and preserving affordable housing.

Thank you for the opportunity to testify.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
FRIDAY, FEBRUARY 27, 2026 AT 2:00 P.M.**

To The Honorable Representative Chris Todd, Chair
The Honorable Representative Jenna Takenouchi, Vice Chair
Members of the Committee on Finance

SUPPORT HB1920 HD1 RELATING TO THE LOW-INCOME HOUSING TAX CREDIT

Housing has been one of the Maui Chamber's top priorities for years, given our ongoing housing crisis. The Maui Chamber of Commerce supports HB1920 HD1, which seeks to clarify and extend the mechanisms by which low-income housing tax credits can be allocated, transferred, or assigned, thereby providing greater flexibility and utility for developers and investors engaged in affordable housing projects.

The proposed clarification allowing partnerships and limited liability companies to further allocate or transfer low-income housing tax credits aligns with best practices seen in other jurisdictions, where flexible credit structures have helped attract a broader range of investors. By enhancing the marketability and liquidity of these credits, the bill can help increase the flow of capital into affordable housing projects, which is especially critical given rising construction costs and the persistent gap between housing supply and demand in Hawai'i.

Extending the sunset date of Act 129, SLH 2016, until the end of 2032 offers much-needed certainty for the development community. Predictability in the availability of tax credits is a key factor in project planning and financing, and this extension will help ensure that developers can continue to rely on this important funding tool as they navigate complex permitting and regulatory environments.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: NET INCOME; Allow Allocation, Transfer, Sale, or Assignment of Low-Income Housing Credit

BILL NUMBER: HB 1920 HD1

INTRODUCED BY: HSG

EXECUTIVE SUMMARY: Clarifies that a partner or member that is 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. Extends the sunset date of Act 129, SLH 2016, relating to the low-income housing tax credit, until 12/31/2032.

SYNOPSIS: Amends section 235-110.8, HRS, to provide that a partner or member that is a partnership or limited liability company that has been allocated a credit may either further allocate the credit or transfer, sell, or assign all or a portion of the credit to any taxpayer, whether or not the taxpayer owns a direct or indirect interest in the qualified low-income building; provided that, for any tax year in which the credit is transferred, sold, or assigned, the transferor shall notify the department of taxation of the transfer, sale, or assignment by the twentieth day of the first month following the end of the taxable year for which the credit may be claimed in the manner prescribed by the department of taxation.

Extends the present form of the credit to sunset after December 31, 2032.

EFFECTIVE DATE: July 1, 3000; shall apply to taxable years beginning after December 31, 2026; provided that amendments to §235-110.8 (b), HRS, by section 1 of this Act shall not be repealed when that section is reenacted on December 31, 2032.

STAFF COMMENTS: The intent here appears to be to allow monetization of the low-income housing credit by allowing it to be transferred.

We understand the need to notify the Department of Taxation of the transfer, but the new deadline date created (January 20 for calendar year taxpayers) appears to be artificial and somewhat harsh.

Digested: 2/25/2026



February 26, 2026

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Committee on Finance

RE: **HB 1920 HD1 - Relating to The Low-Income Housing Tax Credit**
Hearing date: February 27, 2026, at 2:00 PM

Aloha Chair Todd, Vice Chair Takenouchi and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii in **STRONG SUPPORT of HB 1920 HD1 RELATING TO THE LOW-INCOME HOUSING TAX CREDIT**. NAIOP Hawaii is the local chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders, and other professionals.

HB 1920 HD1 authorizes a partner or member in a partnership or limited liability company that has been allocated a low-income housing tax credit to further allocate the credit or transfer, sell, or assign up to one hundred per cent of the tax credit, under certain conditions. Extends the sunset date for certain provisions of the Low-Income Housing Tax Credit for low-income buildings.

NAIOP supports HB 1920 HD1 which proposes essential changes to the State Low-Income Housing Tax Credit (LIHTC) program. This measure will significantly enhance the utility and effectiveness of the tax credit, thereby increasing investment in affordable housing and addressing Hawaii's pressing housing crisis.

Our members have firsthand experience in the challenges and opportunities of affordable housing developments and understand how vital innovative financing mechanisms are to making these developments feasible. By allowing partnerships and limited liability companies (LLCs) to further allocate, transfer, sell, or assign all or portions of their LIHTCs to other taxpayers, HB 1920 HD1 will:

1. **Expand Access to Investment:** This flexibility will enable a broader range of Hawaii-based businesses and individuals with state income tax liabilities to invest in affordable housing projects, fostering a more inclusive and diversified investor base.
2. **Increase the Utility of the Credit:** Developers will have greater capacity to leverage the LIHTC program by engaging with investors who are best positioned to utilize the credits effectively, ensuring projects receive the necessary funding.

3. Enhance Affordable Housing Development: By optimizing the value of State LIHTCs, these bills will help accelerate the development of affordable housing projects, directly benefiting residents who are in critical need of stable, affordable homes.

Moreover, the proposed extension of the sunset date for the State LIHTC from 2027 to 2032 provides a much-needed runway to maintain momentum in affordable housing initiatives. Long-term certainty is critical for planning and executing large-scale developments, and this extension will ensure continuity and stability in Hawaii's affordable housing efforts.

Affordable housing is a cornerstone of a thriving and equitable community. By advancing HB 1920 HD1 the Legislature will help create meaningful opportunities for private-sector investment and public benefit, addressing the housing shortage and easing the financial burden on many families across our state.

Thank you for your leadership and dedication to solving Hawaii's housing challenges. I urge your committees to advance HB 1920 HD1 and encourage your colleagues to support these critical measures. NAIOP Hawaii appreciates the Legislature's commitment to creating affordable housing for Hawaii residents and we look forward to working together. Thank you for the opportunity to provide testimony.

Mahalo for your consideration,



Ken Hayashida, President
NAIOP Hawaii



Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Committee on Finance

Friday, February 27, 2026; 2:00 PM
Conference room 308

RE: HB 1920 HD1 – Relating to the Low-Income Housing Tax Credit – In Support

Aloha Chair Todd, Vice Chair Takenouchi and Members of the committee:

Hunt Capital Partners appreciates this opportunity to submit testimony in support of HB 1920 HD1, which clarifies that a partner or member that is 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. It also extends the sunset date of Act 129, SLH 2016, relating to the low-income housing tax credit, until 12/31/2032.

Extending the sunset date for Hawaii's low-income housing tax credit (LIHTC) to 2032 is critical to developing more affordable homes. LIHTC serves as a necessary, powerful tool to leverage federal funds for building and preserving affordable rental units for low-income residents, while allowing for the transfer or sale of credits to stimulate development.

We ask for the committee's favorable consideration in passing this bill. Thank you.

Jeff Weiss
President
Hunt Capital Partners, LLC



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RE: HB 1920 - Relating to The Low-Income Housing Tax Credit

Mahalo for the opportunity to submit testimony on behalf of Avalon Development Company LLC in strong support of HB 1920 relating to the Low-Income Housing Tax Credit.

H.B. 1920 makes practical, targeted improvements to the State Low-Income Housing Tax Credit (LIHTC) program by allowing partnerships and limited liability companies that receive credits to further allocate, transfer, sell, or assign all or a portion of those credits to other taxpayers. The bill also extends the LIHTC sunset date to December 31, 2032, providing critical long-term certainty.

These changes meaningfully increase the effectiveness and usability of the LIHTC program. By expanding the pool of potential investors who can utilize state tax credits, H.B. 1920 improves pricing, increases competition, and strengthens equity generation for affordable housing projects. In Hawai'i's high-cost development environment, even modest improvements in credit efficiency can be the difference between a feasible project and one that does not move forward.

Equally important, extending the sunset date provides predictability for planning, financing, and execution of affordable housing developments, which often take years to bring from concept to completion. Stable policy signals are essential for attracting private-sector capital and sustaining momentum in housing production.

Avalon Development Company LLC believes H.B. 1920 strikes the right balance by leveraging private investment to advance public housing goals. These reforms will help close financing gaps, accelerate project delivery, and expand the supply of affordable housing for Hawai'i's residents.

For these reasons, we respectfully urge the Committee to pass H.B. 1920

Mahalo for the opportunity to submit testimony.

Avalon Development Company LLC



February 10, 2026

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
House Committee on Finance

RE: **HB 1920, HD1 – Relating to the Low-Income Housing Tax Credit**
Hearing date: February 27, 2026 at 2:00 p.m.

Chair Evslin, Vice Chair Miyake, and members of the committee,

I am writing to express my **strong support** for House Bill 1920, HD1, which proposes proven methods to strengthen the Hawaii Low-Income Housing Tax Credit (Housing Credit) program. This measure will significantly enhance the utility of the credit and demand for it in the market, thereby increasing investment in affordable housing and furthering efforts to address Hawaii's pressing housing crisis.

By allowing partnerships and limited liability companies (LLCs) to further allocate, transfer, sell, or assign all or portions of their Housing Credits to other taxpayers, HB 1920, HD 1, will:

1. **Expand the Market of Investors:** This flexibility, which has already proven effective in other state housing credit programs, will allow a broader range of Hawaii-based businesses and individuals with state income tax liabilities to invest in affordable housing, fostering a more inclusive and diversified investor base.
2. **Enhance Affordable Housing Development:** Boosting demand for Hawaii Housing Credits directly supports higher rates of capital investment directly into the developments. This expanded investment helps to streamline the development process, directly benefiting residents who are in critical need of stable, affordable homes.

Similarly, the 5-year credit period has been a cornerstone of the Hawaii Housing Credit for nearly a decade. The extension of the effective date of this program component is critical to maintaining current investment rates, which the aforementioned changes in this bill further build upon.

Sugar Creek Capital also respectfully proposes the following amendment to the language of Section 1:

SECTION 1. Section 235-110.8, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Each taxpayer subject to the tax imposed by this chapter, who has filed a net income tax return for a taxable year may claim a low-income housing tax credit against the taxpayer's net income tax liability. The amount of the credit shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed on a timely basis. A credit under this section may be allocated by a partnership or limited liability company in any manner agreed to by the partners or members regardless of whether the individual or entity to receive the credit is deemed to be a partner or member for federal income tax purposes, so long as the

individual or entity is deemed to be a partner or member pursuant to applicable state law.

For credits claimed on tax returns filed for taxable years beginning after December 31, 2026, a partner or member that is a partnership or limited liability company that has been allocated a credit may either further allocate the credit or transfer, sell, or assign all or a portion of the credit to any taxpayer, whether or not the taxpayer owns a direct or indirect interest in the qualified low-income building; provided that for any tax year in which the credit is transferred, sold, or assigned pursuant to this subsection, the transferor shall notify the department of taxation of the transfer, sale, or assignment by the twentieth day of the first month following the end of the taxable year for which the credit may be claimed in a manner prescribed by the department.”

The intent of this amendment is to allow credits (regardless of when awarded or 8609s issued) to be able to be transferred starting in the 2027 taxable year and claimed on 2027 or later tax returns. It will be easier for the State Department of Taxation (“DOTAX”) to manage the transferability of the credits if the Department does not have to determine when the credits that are being claimed were awarded on 8609s issued. DOTAX would simply need to know that the transfer of credits occurred on or after January 1, 2027.

Affordable housing is the foundation of a thriving and equitable community. By advancing HB 1920, HD1, the Legislature will help create meaningful opportunities for private-sector investment and public benefit, further efforts to address the housing shortage, and ease the financial burden on many families across Hawaii.

Thank you for your leadership and dedication to solving Hawaii’s housing challenges. Please feel free to contact me if I can provide additional information or assistance.

Sincerely,

Philip Gilman
Director of Acquisitions and Housing Policy
Sugar Creek Capital



GORDON M. ARAKAKI

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February 27, 2026

Hearing Date: Friday, February 27, 2026
Time: 2:00 PM
Place: Conference Room 430

The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
House Committee on Finance

Re: Testimony of the American Council of Life Insurers in Support of HB 1920, HD1 –
Relating to Low-Income Housing Tax Credit
(Written Testimony Only)

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee on Finance:

Thank you for the opportunity to testify in **support** of HB 1920, HD1, which would allow partnerships and limited liability companies to further allocate, transfer, sell, or assign all or portions of their State Low-Income Housing Tax Credits to other taxpayers. The bill also extends the sunset date (from 2027 to 2032) for certain provisions of the Low-Income Housing Tax Credit for low-income buildings.

I represent ACLI, which is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. Ninety million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial well-being through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States. Two hundred sixteen (216) of our members are licensed to do business in the state of Hawaii.

ACLI members invest in tax credits such as the Low-Income Housing Tax Credit that is the subject of HB 1920, HD1. This measure will significantly enhance the utility and effectiveness of the tax credit, thereby increasing investment in affordable housing and helping to address Hawaii's pressing housing crisis.

Allowing partnerships and limited liability companies to further allocate, transfer, sell, or assign all or portions of their Low-Income Housing Tax Credits to other taxpayers will:

Testimony in Support of HB 1920, HD1 – Relating to Low-Income Housing Tax Credit

House Committee on Finance

Hearing Date: Friday, February 27, 2026

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- Expand access to investment by a broader range of Hawaii-based businesses and individuals; and
- Increase the utility of the credit by bringing in investors who are best positioned to use the credits effectively, which will give low-income housing developers greater capacity to leverage the Low-Income Housing Tax Credit program. Non-profit entities are unable to use these credits. The sale of such credits to an investor makes available new funds to be invested in providing additional low-income housing for Hawaii's people.

Thank you for your time and consideration of ACLI's testimony in *support* of HB 1920, HD1. We respectfully request that you to pass this bill.

Sincerely,

Gordon M. Arakaki

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII
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**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1920, H.D.1, Relating to the Low-Income Housing Tax Credit

BEFORE THE:

House Committee on Finance

DATE: Friday, February 27, 2026

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 1920, H.D.1, for your consideration.

Section 1 of H.B. 1920, H.D.1, amends section 235-110.8(b), Hawaii Revised Statutes (HRS), to allow a partner or member of a partnership or limited liability company that has been allocated a low-income housing tax credit (LIHTC) to further allocate a credit, or transfer, sell, or assign all or a portion of a credit to any taxpayer regardless of whether the taxpayer has a direct or indirect interest in the subject property. The transferor shall notify DOTAX of the transfer by the twentieth day of the first month following the end of the taxable year for which the credit may be claimed.

Section 2 of the bill amends Act 129, Session Laws of Hawaii 2016, to extend its repeal and reenactment date from December 31, 2027 to December 31, 2032.

Section 3 of the bill amends Act 226, Session Laws of Hawaii 2021, to specify that amendments made under that Act to section 235-110.8 shall not be repealed upon

reenactment on December 31, 2032 (the date as amended in Section 2 as noted above).

This measure has a defective effective date of July 1, 3000, and applies to taxable years beginning after December 31, 2026, provided that the amendments made under section 235-110.8(b) shall not be repealed on December 31, 2032.

DOTAX is able to administer these tax credit changes as proposed for taxable years beginning after December 31, 2026.

DOTAX estimates the following revenue loss for this bill:

General Fund Impact (\$ millions)

FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
-	-	-64.6	-66.1	-67.7	-69.4

Thank you for the opportunity to provide comments on this measure.