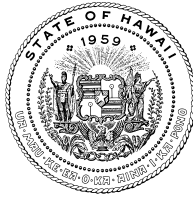


**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR



**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

HONOLULU, HAWAII 96813

FAX: (808) 587-0600

Statement of

### **DEAN MINAKAMI**

Hawaii Housing Finance and Development Corporation

Before the

### **SENATE COMMITTEE ON WAYS AND MEANS**

April 08, 2026 at 10:02 a.m.

State Capitol, Room 211

In consideration of

### **HOUSE BILL 1920, HOUSE DRAFT 1, SENATE DRAFT 1 RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.**

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

HHFDC **supports** HB1920, HD 1, SD 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.

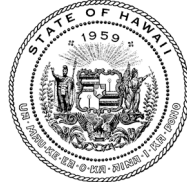
This measure represents an improvement to the Low-Income Housing Tax Credit (LIHTC) program by clarifying and expanding the flexibility of credit allocation and transfer. This bill allows partnerships and limited liability companies that have been allocated credits to further allocate, transfer, sell, 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.

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
Ka 'Oihana 'Auhau  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

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

**BEFORE THE:**

Senate Committee on Ways and Means

**DATE:** Wednesday, April 8, 2026

**TIME:** 10:02 a.m.

**LOCATION:** State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

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

Section 1 of H.B. 1920, H.D.1, S.D.1, amends section 235-110.8(b), Hawaii Revised Statutes, to allow a partner or member of a partnership or limited liability company that has been allocated a low-income housing tax credit (LIHTC) issued after July 1, 2026, to further allocate, 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, provided that the amendments made under section 235-110.8(b) shall not be repealed on December 31, 2032.

DOTAX recommends that section 1 of the bill be amended to clarify that if a partner or member (i.e., the transferor) allocates, transfers, sells, or assigns the low-income housing tax credit to a taxpayer (i.e., the transferee), the transferee may not further allocate, transfer, sell, or assign all or a portion of the credit to another taxpayer. DOTAX notes that allowing subsequent transfers of the credit will be difficult to administer and verify, may cause processing delays, and may encourage abuse. Accordingly, DOTAX recommends that the following proviso be added on page 2, line 12:

provided further that the transferee shall not further allocate, transfer, sell, or assign all or a portion of the credit to any taxpayer.

With this amendment, DOTAX can administer this bill for taxable years beginning after December 31, 2026.

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



Senator Donovan Dela Cruz, Chair  
Senator Sharon Moriwaki, Vice Chair  
Committee on Ways and Means

Wednesday, April 8, 2026; 10:02 AM  
Conference room 211

**RE: HB 1920 HD1 SD1 – Relating to the Low-Income Housing Tax Credit – In Support**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and Members of the committee:

Hunt Capital Partners appreciates this opportunity to submit testimony in support of HB 1920 HD1 SD1, which clarifies that, for tax credits issued after July 1, 2026, 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.

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

Jeff Weiss  
President  
Hunt Capital Partners, LLC



1001 Bishop Street #625 | Honolulu, HI 96813  
866-295-7282 | [aarp.org/hi](http://aarp.org/hi) | [hiaarp@aarp.org](mailto:hiaarp@aarp.org) |  
[Twitter.com/aarphawaii](https://twitter.com/aarphawaii) | [facebook.com/aarphawaii](https://facebook.com/aarphawaii)

**The Thirty-Third Legislature  
Senate Committee on Ways and Means  
Wednesday, April 8, 2026  
Conference Room 211  
10:02 a.m.**

TO: The Honorable Donovan Dela Cruz, Chair  
FROM: Keali'i S. López, State Director  
RE: Support for H.B. 1920 HD1, SD1 Relating to the Low-Income Housing Tax Credit

Aloha Chair Dela Cruz and Members of the Committee:

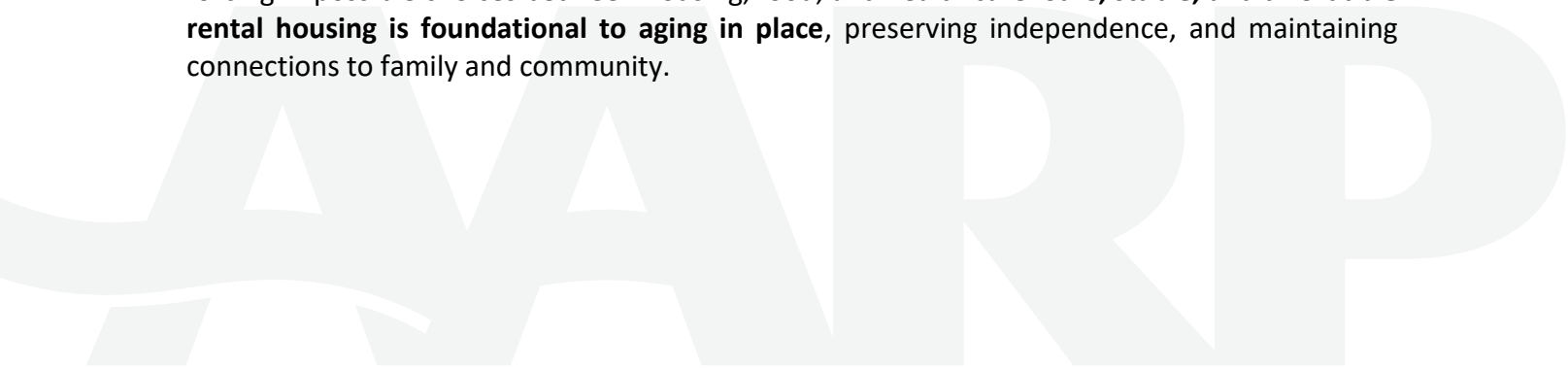
My name is Keali'i López, State Director of AARP Hawai'i. AARP is a nonprofit, nonpartisan social impact organization representing **135,000 members statewide**, advocating to ensure that people can choose how they live as they age. Mahalo for the opportunity to testify **in strong support of H.B. 1920 HD1,SD1.**

H.B. 1920 SD1 makes a targeted but critical improvement to Hawai'i's Low-Income Housing Tax Credit (LIHTC) program by clarifying that when a partnership or limited liability company is allocated a state LIHTC, it may:

- Further allocate the credit, or
- Transfer, sell, or assign all or a portion of the credit to any taxpayer, regardless of whether that taxpayer holds an ownership interest in the low-income building.

This clarification is not merely technical; it is essential to ensuring that affordable housing projects can secure the capital they need to move forward. By expanding the pool of potential investors, this measure increases the value and usability of the credit, strengthens project financing, and improves predictability in an already challenging development environment.

**Hawai'i's housing costs are among the highest in the nation**, and older residents are particularly vulnerable. Too many kūpuna live on fixed incomes that cannot keep pace with rising rents, forcing impossible choices between housing, food, and health care. **Safe, stable, and affordable rental housing is foundational to aging in place**, preserving independence, and maintaining connections to family and community.



Affordable housing development in Hawai'i often requires **years of planning, layered financing, and sustained investor confidence**. A stable and functional LIHTC framework is one of the most effective tools the state has to bring additional affordable units online. By strengthening the mechanics of the credit and ensuring continuity of the program through 2032, **H.B. 1920 SD1 directly supports housing production for low-income residents, including older adults and working families**.

As the measure moves forward, AARP encourages the Committee to consider **reasonable guardrails and transparency provisions** that ensure public resources are used effectively and deliver measurable housing outcomes. These may include:

- Require disclosure of sales or transfer terms to the Department of Taxation;
- Limit transfers to a single sale or a defined number of transactions;
- Require transferees to meet basic compliance standards; and
- Ensure that credit transfers demonstrably support affordable housing outcomes, not just tax liability reduction.

Many of these safeguards could be addressed administratively; however, including legislative intent in the committee report or statutory language would help ensure long-term accountability and public confidence.

**Stable, affordable housing strengthens entire communities.** It allows kūpuna to remain in their neighborhoods, supports caregivers and families, and helps keep working households in Hawai'i rather than forcing them to leave due to housing insecurity. By improving efficiency, predictability, and investment viability, this measure benefits residents of all ages while reinforcing a stable housing development ecosystem.

For these reasons, **AARP respectfully urges the Senate Committee on Ways and Means to pass H.B. 1920 HD1, SD1.**

Mahalo for the opportunity to testify in strong support of this important measure.



April 8, 2026

Senator Donovan Dela Cruz, Chair  
Senator Sharon Moriwaki, Vice Chair  
Committee on Ways and Means

RE: **HB 1920 HD1 SD1 - Relating to The Low-Income Housing Tax Credit**  
**Hearing date: April 8, 2026, at 10:02 AM**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii in **STRONG SUPPORT of HB 1920 HD1 SD1 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 SD1 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 SD1 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 SD1 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 SD1 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 SD1 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



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211  
WEDNESDAY, APRIL 8, 2026 AT 10:02 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair  
The Honorable Senator Sharon Y. Moriwaki, Vice Chair  
Members of the Committee on Ways and Means

**SUPPORT HB1920 HD1 SD1 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 SD1, 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.



April 8, 2026

Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair  
Senate Committee on Ways and Means

RE: **HB 1920, HD, SD 1 – Relating to the Low-Income Housing Tax Credit**  
**Hearing Date: April 8, 2026 at 10:02 am.**

Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee,

I am writing to express my **strong support** for House Bill 1920, HD1, SD1, 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, SD 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 tax credits issued after July 1, 2026 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 (as permitted in section 1) 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, HD 1, SD 1 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