

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

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DIRECTOR

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DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:

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

BEFORE THE:

House Committee on Housing

DATE: Wednesday, February 11, 2026

TIME: 9:00 a.m.

LOCATION: State Capitol, Room 430

Chair Evslin, Vice-Chair Miyake, and Members of the Committee:

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

Section 1 of H.B. 1920 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Act 226, Session Laws of Hawaii 2021, to specify that amendments made under that Act to section 235-110.8 shall not be repealed upon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 an effective date of July 1, 2026, and applies to taxable years beginning after December 31, 2025, provided that the amendments made under section 235-110.8(b) shall not be repealed on December 31, 2032.

DOTAX requests an amendment to clarify that DOTAX will prescribe the manner in which notice of the transfer of low-income housing tax credits will occur, starting on page 2, line 1, as follows:

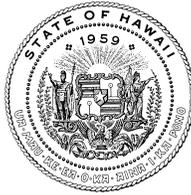
A partner or member that is a partnership or limited liability company that has been allocated a credit may either further allocate the credit or transfer, sell, or assign all or a portion of the credit to any taxpayer, whether or not the taxpayer owns a direct or indirect interest in the qualified low-income 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.

Given the complex nature of the proposed credit transfer provision, if the bill passes, DOTAX requests that the effective date of the bill be amended to apply to taxable years beginning after December 31, 2026, to provide sufficient time to make the necessary form, instruction, and computer system changes, and provide taxpayer guidance on the changes.

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

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

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HONOLULU, HAWAII 96813

FAX: (808) 587-0600

Statement of

DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation

Before the

HOUSE COMMITTEE ON HOUSING

February 11, 2026 at 9:00 a.m.

State Capitol, Room 430

In consideration of

HOUSE BILL 1920

RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.

Chair Evslin, Vice Chair Miyake, and members of the Committee.

HHFDC **supports** House Bill 1920, 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.



February 11, 2026

Representative Luke Evslin, Chair
Representative Tyson Miyake, Vice Chair
Committee on Housing

RE: **HB 1920 - Relating to The Low-Income Housing Tax Credit**
Hearing date: February 11, 2026, at 9:00 AM

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

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



GORDON M. ARAKAKI

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February 9, 2026

Hearing Date: Wednesday, February 11, 2026
Time: 9:00 AM
Place: Conference Room 430

The Honorable Luke A. Evslin, Chair
The Honorable Tyson K. Miyake, Vice Chair
House Committee on Housing

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

Aloha Chair Evslin, Vice Chair Miyake, and Members of the Committee on Housing:

Thank you for the opportunity to testify in **support** of HB 1920, 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. 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 – Relating to Low-Income Housing Tax Credit

House Committee on Housing

Hearing Date: Wednesday, February 11, 2026

Page 2

- 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. We respectfully request that you to pass this bill.

Sincerely,

Gordon M. Arakaki



February 10, 2026

Representative Luke A. Evslin, Chair
Representative Tyson K. Miyake, Vice Chair
House Committee on Housing

RE: **HB 1920 – Relating to the Low-Income Housing Tax Credit**
Hearing date: February 10, 2026 at 9:00 am

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

I am writing to express my **strong support** for House Bill 1920, 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 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.

Affordable housing is the foundation of a thriving and equitable community. By advancing HB 1920, 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,

A handwritten signature in blue ink that reads "Philip Gilman".

Philip Gilman
Director of Acquisitions and Housing Policy
Sugar Creek Capital



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**The Thirty-Third Legislature
House Committee on Housing
Wednesday, February 11, 2026
Conference Room 430
9:00 a.m.**

TO: The Honorable Luke A. Evslin, Chair
FROM: Keali'i S. López, State Director
RE: Support for H.B. 1920 Relating to the Low-Income Housing Tax Credit

Aloha Chair Evslin and Members of the Committee:

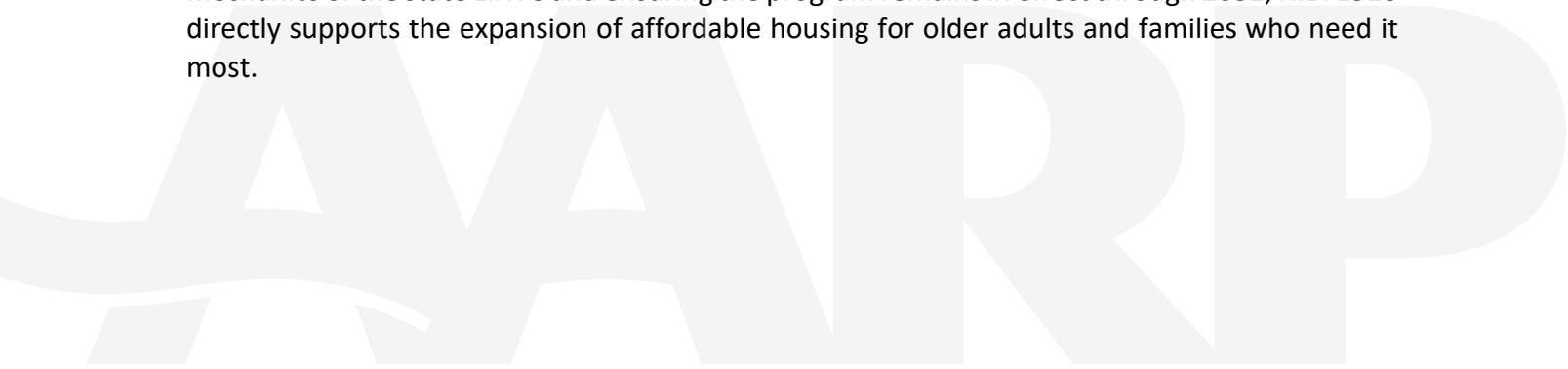
I am Keali'i Lopez, State Director of AARP Hawai'i. AARP is a nonprofit, nonpartisan, social impact organization dedicated to empowering people 50 and older to choose how they live as they age. We advocate at the state and federal level for the issues that matter most to older adults and their families. On behalf of our nearly 135,000 members statewide, thank you for the opportunity to testify on H.B.1920.

AARP supports H.B. 1920 which clarifies that when a partnership or limited liability company (LLC) 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.

The ability to transfer or sell credits expands the pool of potential investors, increases the value of the credits, and helps projects raise the equity needed to move forward, particularly in Hawaii's extremely high-cost building environment. Affordable housing projects often require several years from planning to completion. Maintaining a stable LIHTC framework is essential for bringing additional units online, especially those serving low-income kūpuna.

Hawai'i's older residents face some of the highest housing costs in the nation. Many kūpuna struggle to find affordable, accessible rental options that allow them to age in place safely. Preserving and expanding affordable rental housing is a core AARP priority. By strengthening the mechanics of the state LIHTC and ensuring the program remains in effect through 2032, H.B. 1920 directly supports the expansion of affordable housing for older adults and families who need it most.



Some points that the committee may want to consider as H.B. 1920 moves forward are to develop some guardrails and transparency provisions. AARP recommends **strengthening** the legislation to ensure public funds maximize housing outcomes for older adults by:

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

These can potentially be addressed administratively, however, it would be helpful to have such provisions included in the Committee report or amend H.B. 1920, if appropriate.

Stable and affordable housing is foundational to strong, resilient communities. This measure is also critical for keeping young working families in Hawai'i as too many are forced to leave because stable, attainable housing remains out of reach. At the same time, reliable timelines help **ensure our kūpuna can remain in their communities** and age in place, close to the family, friends, and support networks that allow them to thrive.

By strengthening the mechanics of LIHTC and ensuring the program remains effective through 2032, this legislation **creates a more efficient, more responsive process** that benefits residents of all ages. Together, these improvements support the expansion of affordable housing, reinforce a stable investment environment, and **help safeguard the well-being of both emerging families and older adults across Hawai'i.**

AARP requests that the House Committee on Housing pass H.B. 1920.

Thank you for the opportunity to testify in support of this important measure.

HB-1920

Submitted on: 2/10/2026 12:51:49 AM

Testimony for HSG on 2/11/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Comments	Written Testimony Only

Comments:

Comment to include DHHL Johnnie-Mae L. Perry

1920 HB RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.



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Committee on Housing

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

Hearing date: February 11, 2026, at 9:00 AM

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

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.

McKinley Eads

On behalf of Avalon Development Company LLC