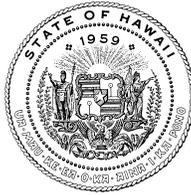


JOSH GREEN, M.D.
GOVERNOR

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 HOUSING

February 05, 2026 at 1:01 p.m.

State Capitol, Room 225

In consideration of

SENATE BILL 2675

RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.

Chair Chang, Vice Chair Hashimoto, and members of the Committee.

HHFDC **supports** Senate Bill 2675, 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



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

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 2675, Relating to the Low-Income Housing Tax Credit.

BEFORE THE:

Senate Committee on Housing

DATE: Thursday, February 5, 2026

TIME: 1:01 p.m.

LOCATION: State Capitol, Room 225

Chair Chang, Vice-Chair Hashimoto, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 2675, for your consideration.

Section 1 of S.B. 2675 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.

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: SB 2675

INTRODUCED BY: HASHIMOTO, CHANG, RICHARDS

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.

EFFECTIVE DATE: July 1, 2026; shall apply to taxable years beginning after December 31, 2025; 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 pursuant to section 4 of Act 29, SLH 2016, as amended by section 2 of Act 226, SLH 2021, as amended by section 2 of this Act.

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: 2/2/2026



GORDON M. ARAKAKI

Attorney at Law, LLLC
94-1176 Polinahe Place
Waipahu, Hawaii 96797
Cell: (808) 542-1542
E-mail: gordonarakaki@hawaiiantel.net

February 3, 2026

Hearing Date: Thursday, February 5, 2026
Time: 1:01 PM
Place: Conference Room 225

The Honorable Stanley Chang, Chair
The Honorable Troy N. Hashimoto, Vice Chair
Senate Committee on Housing

Re: Testimony of the American Council of Life Insurers in Support of SB 2675 – Relating to Low-Income Housing Tax Credit (Written Testimony Only)

Aloha Chair Chang, Vice Chair Hashimoto, and Members of the Committee on Housing:

Thank you for the opportunity to testify in **support** of SB 2675, 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 SB 2675. 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 SB 2675 – Relating to Low-Income Housing Tax Credit

Senate Committee on Housing

Hearing Date: Thursday, February 5, 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 SB 2675. We respectfully request that you to pass this bill.

Sincerely,

Gordon M. Arakaki



February 5, 2026

Senator Stanley Chang, Chair
Senator Troy Hashimoto, Vice Chair
Committee on Housing

RE: **SB 2675 - Relating to The Low-Income Housing Tax Credit**
Hearing date: February 5, 2026 at 1:01 PM

Aloha Chair Chang, Vice Chair Hashimoto and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii in **STRONG SUPPORT of SB 2675 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.

SB 2675 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 SB 2675 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, SB 2675 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 SB 2675 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 SB 2675 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



LATE

February 5, 2026

Senator Stanley Chang
Senator Troy N. Hashimoto
Senate Committee on Housing

RE: **SB 2675 – Relating to the Low-Income Housing Tax Credit**
Hearing date: February 5, 2026 at 1:01pm

Chair Chang, Vice Chair Hashimoto, and members of the committee,

I am writing to express my **strong support** for Senate Bill 2675, 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 partners or members of the entity owning the development to either further allocate the Housing Credit, or to transfer, sell, or assign all or a portion of their Housing Credits to any taxpayer, whether or not the taxpayer owns an interest in the development, SB 2676 will:

1. **Expand the Market for the Credit:** 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 support the development of affordable housing, fostering a more inclusive and diversified base of support for affordable housing.
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 sunset 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 SB 2675, 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, appearing to read "Kim M. Brown".

Kim M. Brown
General Counsel
Sugar Creek Capital

LATE

February 4, 2026

The Honorable Stanley Chang, Chair
The Honorable Troy N. Hashimoto, Vice Chair
and Members of the Senate Committee on Housing

Subject: Testimony: SB 2675, Relating to the Low-Income Housing Tax Credit
Hearing: February 5, 2026, at 1:01 PM, Conference Room 225

Dear Chair Chang, Vice Chair Hashimoto, and Committee Members:

Stanford Carr Development supports SB 2675 which allows partnerships and limited liability companies to allocate, transfer, sell, or assign all or a portion of the State Low-Income Housing Tax Credit (LIHTC) to other taxpayers. This measure also extends key provisions of the program's sunset date from 2027 to 2032, ensuring continued private investment in affordable housing.

The federal LIHTC program was established under the Tax Reform Act of 1986 to encourage private investment in affordable housing for households earning 60% or below of the area median income. By leveraging private capital, this program reduces reliance on public funds, allowing government resources to focus on critical services such as safety, health, and education. In exchange for tax credits, investors provide rent-restricted units for lower-income families.

Hawaii's LIHTC program, created under Act 216, SLH 1988, is administered by the Hawaii Housing Finance and Development Corporation (HHFDC). From 1999 to 2019, 136 projects produced 11,828 income-restricted units, financed through LIHTC private equity investments. However, Hawaii continues to face a severe affordable housing shortage. According to HHFDC's Hawaii Housing Demand: 2020-2030 report, the state will need 36,155 additional units by 2030 to meet housing demand and restore market balance. The cost of developing a LIHTC unit now averages \$550,000, and the estimated replacement value of these properties exceeds \$6.5 billion.

Given the program's proven success and its crucial role in addressing Hawaii's housing crisis, we strongly urge your support for this measure. Enhancing the transferability of LIHTC credits will attract additional investors, increase capital availability, and accelerate project timelines, while extending the program will provide long-term stability and ensure continued progress in addressing Hawaii's housing shortage.

Thank you for the opportunity to provide testimony.

Sincerely,



Stanford S. Carr



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

**The Thirty-Third Legislature
Senate Committee on Housing
Thursday, February 5, 2026
Conference Room 225
1:01 p.m.**

LATE

TO: The Honorable Stanley Chang, Chair
FROM: Keali'i S. López, State Director
RE: Support for S.B. 2675 Relating to Low Income Housing Tax Credit

Aloha Chair Chang and Members of the Committee:

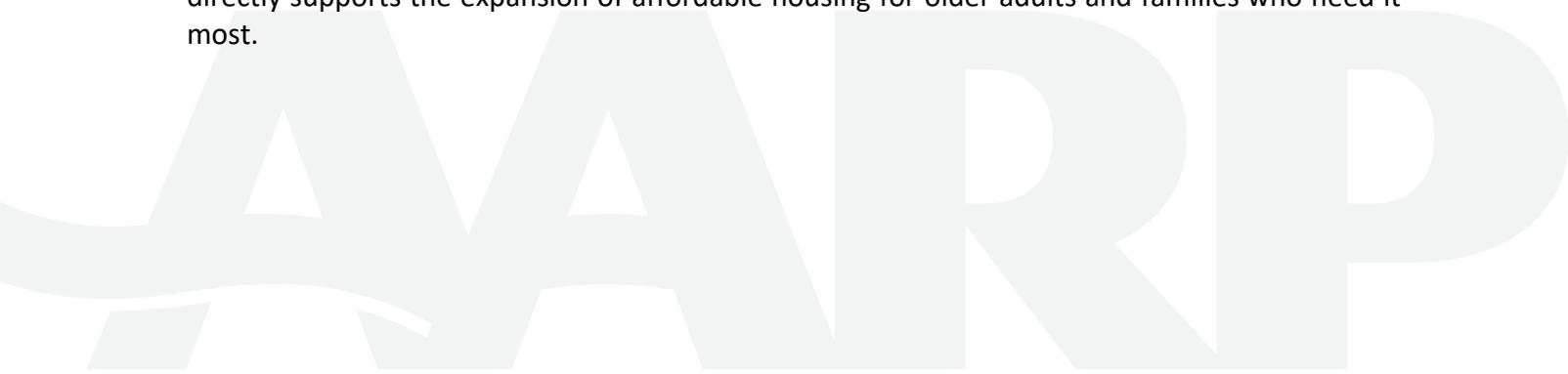
I am Keali'i Lopez, State Director for AARP Hawai'i. AARP is the nation's largest nonprofit, nonpartisan, social impact organization dedicated to empowering people fifty and older to choose how they live as they age. We advocate for the issues that matter most to older adults and their families: health and financial security, and personal fulfillment. On behalf of our 135,000 members in Hawai'i, thank you for the opportunity to testify on S.B. 2675.

AARP supports S.B. 2675 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, S.B. 2675 directly supports the expansion of affordable housing for older adults and families who need it most.



Ensuring a supply of affordable housing can attract and retain a diverse workforce, support local businesses, and contribute to the overall economic health of Hawai'i. This is especially important to prevent young working families from leaving Hawai'i due to housing instability.

Some points that the legislature may want to consider as S.B. 2675 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 S.B. 2675, if appropriate.

S.B. 2675 is a step in the right direction. AARP respectfully requests that the Senate Committees on Housing pass S.B. 2675.

Mahalo for the opportunity to testify in support of S.B. 2675.

LATE

Senator Stanley Chang, Chair
Senator Troy Hashimoto, Vice Chair
Committee on Housing

Thursday, February 5, 2026; 1:01 PM
Conference room 225

RE: SB 2675 – Relating to Low-Income Housing Tax Credit – In Support

Aloha Chair Chang, Vice Chair Hashimoto and Members of the committee:

Hunt Capital Partners appreciates this opportunity to submit testimony in support of SB 2675, 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 thank the Chair and Vice Chair for introducing and hearing this important bill, and ask for the committee's favorable consideration in passing it.



Jeff Weiss
President
Hunt Capital Partners, LLC