

Honolulu, Hawaii
March 4, 2016

RE: H.B. No. 1397
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1397, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO NEW MARKET TAX CREDITS,"

begs leave to report as follows:

The purpose of this measure is to continue efforts to achieve the State's overall economic development strategy through the adjustment and expansion of funding mechanisms for community-based economic development initiatives. Among other things, this measure:

- (1) Establishes a new financing framework to assist qualified community development entities that leverage federal new markets tax credits in the provision of investment capital and securitization for low-income communities and individuals; and
- (2) Adjusts loan maximums and expands the financial products offered by the community-based economic development program to facilitate the capitalization of entities providing community development services and the monetization of existing project assets.

Lanai Community Health Center, Pana'ewa Hawaiian Home Lands Community Association, Pacific Growth Associates, and several individuals provided testimony in support of the measure. The Department of Taxation and Department of Business, Economic Development, and Tourism provided comments.

HB1397 HD2 HSCR FIN HMS 2016-2437

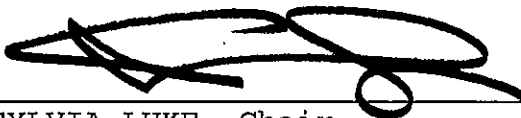


Your Committee has amended this measure by:

- (1) Changing the total maximum funding amount to an unspecified sum;
- (2) Changing the effective date to February 19, 2030, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1397, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1397, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



