

Honolulu, Hawaii

February 16, 2017

RE: H.B. No. 644
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 644 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 foster community-based economic development by modifying the types and manner of provision of financial product that may be offered by the Hawaii community-based Technical and Financial Assistance Program.

Specifically, this measure:

- (1) Adds the definition of "qualified community development entity" to allow financing to be provided by the State through a structure that facilitates the use of federal new markets tax credits;
- (2) Expands the methods of delivering funding to a project by providing loans to capitalize a qualified community development entity and to provide guarantees or other credit enhancements that will facilitate private lenders' participation in new markets tax credit financing; and
- (3) Adjusts loan maximums and establishes guarantees or credit enhancements to reflect current available funding and facilitate monetization of existing project assets.



Pacific Growth Associates supported this measure. The Department of Business, Economic Development and Tourism, Department of Taxation, and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2038, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 644, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 644, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,



MARK M. NAKASHIMA, Chair



