

Honolulu, Hawaii
February 16, 2018

RE: H.B. No. 2332
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 2332 entitled:

"A BILL FOR AN ACT RELATING TO THE LOW-INCOME HOUSING TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure to specify that certain sections of the Internal Revenue Code relating to the installment method, deductions limited to amount at risk, and passive activity losses and credits do not apply to investments made in buildings and projects claiming the low-income housing tax credit, and income, loss, and deductions will be made in proportion to the low-income housing tax credit.

The Office of the Governor, Department of Business, Economic Development and Tourism, Hawaii Housing Finance and Development Corporation, Department of Housing and Human Concerns of the County of Maui, InState Partners, and Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii supported this measure. The Department of Taxation offered comments for this measure.

Your Committee finds that increasing the amount of equity generated by the State Low-Income Housing Tax Credit may assist in reducing the shortage in affordable housing in Hawaii.



Your Committee has amended this measure by:

- (1) Including a new paragraph to ensure conformity to the Internal Revenue Code;
- (2) Changing the effective date to January 1, 2050, to promote further discussion; and
- (3) Making technical, non-substantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2332, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2332, H.D. 1, and be referred to your Committee on Finance.

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



TOM BROWER, Chair



