

Honolulu, Hawaii
March 2, 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 Finance, to which was referred H.B. No. 2332, H.D. 1, 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 is to amend the low-income housing tax credit by:

- (1) Specifying that certain sections of the Internal Revenue Code relating to the installment method, deductions limited to the amount at risk, and passive activity losses and credits limited do not apply to investments made in buildings and projects claiming the low-income housing tax credit;
- (2) Clarifying that all allocations to partners of their distributive shares of income, loss, and deductions under Chapter 235, Hawaii Revised Statutes, shall be made in proportion to the low-income housing tax credit; and
- (3) Providing that the amount of state credits allocated by the Hawaii Housing Finance Development Corporation for the qualified low-income building shall not exceed 50



percent of the amount of federal credits allocated to the building.

The Department of Business, Economic Development and Tourism, Hawaii Housing Finance and Development Corporation, Department of Taxation, Land Use Research Foundation of Hawaii, EAH Housing, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, and InState Partners testified in support of this measure. The Tax Foundation of Hawaii provided comments.

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. 2332, H.D. 1, and recommends that it pass Third Reading.

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



SYLVIA LUKE, Chair



