

Honolulu, Hawaii

MAR 21 , 2018

RE: S.B. No. 2402
S.D. 2

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 S.B. No. 2402, S.D. 2, 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 state low-income housing tax credit by:

- (1) Specifying that certain sections of the Internal Revenue Code relating to at-risk rules and deductions and to passive activity loss do not apply with respect to claims for the state low-income housing tax credit; and
- (2) Providing a safeguard, by limiting the maximum credit amount to 50% of the federal credit amount allocated to the property, to prevent taxpayers from acquiring properties from a related person at an inflated price using nonrecourse liability and increasing the basis amount upon which the tax credit is calculated.

The Hawaii Housing Finance and Development Corporation, InState Partners, and Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii supported this



measure. The Department of Taxation and Tax Foundation of Hawaii offered comments for this measure.

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 S.B. No. 2402, S.D. 2, and recommends that it pass Second Reading and be referred to your Committee on Finance.

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



TOM BROWER, Chair



