

STAND. COM. REP. NO.

2889

Honolulu, Hawaii

MAR 02 2018

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

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2402, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to amend the state low-income housing tax credit by 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.

Your Committee received written comments in support of this measure from the Department of Taxation, Hawaii Housing Finance and Development Corporation, and InState Partners.

Your Committee received written comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that increasing the amount of equity generated by the state low-income housing tax credit may assist in reducing the shortage of affordable housing in Hawaii.

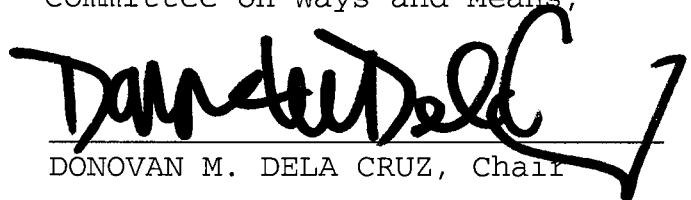


Your Committee has amended this measure by:

- (1) Providing that the amount of state credits allocated by the Hawaii Housing Finance and Development Corporation for a qualified low-income building shall not exceed fifty percent of the amount of federal credits allocated to the building;
- (2) Providing that amendments made to section 235-110.8, Hawaii Revised Statutes, by this measure shall not be repealed when that section is reenacted on December 31, 2021, pursuant to section 4 of Act 129, Session Laws of Hawaii 2016;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2402, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2402, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



