

Honolulu, Hawaii

MAR 21 , 2018

RE: S.B. No. 765  
S.D. 2  
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 Economic Development & Business, to which was referred S.B. No. 765, S.D. 2, 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 of loans that may be offered by the Hawaii Community-Based Technical and Financial Assistance Program.

Specifically, this measure:

- (1) Authorizes the Program to use loans to capitalize entities that incentivize private investment in community development by making federal New Market Tax Credits available to private, for-profit investors; and
- (2) Adjusts maximum loan amounts and terms to better facilitate monetization of projects through the use of New Market Tax Credits.

The Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, Pacific Growth Associates, Laiopua 2020/Villages of Laiopua Association, and a concerned individual



testified in support of 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) Deleting language authorizing the use of loans to capitalize private investment entities;
- (2) Deleting language that amends the cap on loan amounts and terms;
- (3) Inserting new language that allows the Department of Business, Economic Development, and Tourism to:
  - (A) Participate with qualified community development entities in the pursuit of federal financing opportunities through the federal New Market Tax Credits Program; and
  - (B) Encourage the use of federal and private funds for economic development purposes and use of State resources as applicable to leverage federal and private dollars through the federal New Market Tax Credits Program to supplement State economic development efforts; and
- (4) 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 S.B. No. 765, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 765, S.D. 2, 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,

*Cindy Evans*

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CINDY EVANS, Chair



