
A BILL FOR AN ACT

RELATING TO HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 356D, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§356D- Housing incentive fund. (a) There is
5 established a housing incentive fund, into which shall be
6 deposited:

7 (1) Appropriations made by the legislature funded by
8 general obligation bonds; and

9 (2) Contributions made by any individual, partnership,
10 firm, association, or corporation.

11 (b) The housing incentive fund shall be administered by
12 the authority and shall be used for the construction,
13 rehabilitation, or preservation of multifamily housing targeted
14 to essential workers and low to moderate income households,
15 including seniors and people with special needs, and for the
16 necessary expenses in administering this part.



1 (c) Eligible recipients of funding by the housing
2 incentive fund include state and county governments, and
3 nonprofit organizations, public-private partnerships, or for-
4 profit developers of multifamily housing. Individuals may not
5 receive direct assistance from the fund.

6 (d) Disbursements made from the housing incentive fund is
7 subject to repayment or recapture under the guidelines adopted
8 by the authority. Any disbursement that is repaid or recaptured
9 must be deposited in the housing incentive fund and is available
10 for reimbursement on a continuing basis for the purposes of this
11 section.

12 (e) The authority shall submit a report to the legislature
13 no later than twenty days prior to the convening of each regular
14 session to provide an accounting of the receipts and
15 expenditures of the fund."

16 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:

19 "§235- Housing incentive fund; income tax credit. (a)
20 Any individual or taxpaying entity that files a net income tax
21 return for a taxable year may claim a tax credit under this



1 section against the Hawaii state individual or corporate net
2 income tax for contributing to the housing incentive fund
3 established in section 356D- . The amount of the credit shall
4 be equal to twenty per cent of the amount contributed to the
5 fund during the taxable year.

6 (b) The contribution amount used to calculate the credit
7 under this section may not be used to calculate any other state
8 income tax deduction or credit allowed by law.

9 (c) If the amount of the credit exceeds the taxpayer's
10 income tax liability for the taxable year, the excess may be
11 used as a credit against the tax liability in subsequent taxable
12 years, until exhausted; provided that no amount shall be used as
13 a credit in any taxable year more than ten years from the year
14 the credit was generated. All claims, including any amended
15 claims, for tax credits under this section shall be filed on or
16 before the end of the twelfth month following the close of the
17 taxable year for which the credit may be claimed. Failure to
18 comply with the foregoing provision shall constitute a waiver of
19 the right to claim the credit.

20 (d) The aggregate amount of tax credits allowed to all
21 eligible contributors is limited to four million dollars per



1 biennium. This limitation applies to all contributions for
2 which tax credits are claimed under this section. The authority
3 shall be responsible for administering the aggregate cap.

4 (e) Within thirty days after the date on which a taxpayer
5 makes a contribution to the housing incentive fund, the Hawaii
6 public housing authority shall file with each contributing
7 taxpayer, and a copy with the director of taxation, completed
8 forms that show as to each contribution to the fund by that
9 taxpayer the following:

10 (1) The name, address, and social security number or
11 federal employer identification number of the taxpayer
12 that made the contribution;

13 (2) The dollar amount paid for the contribution by the
14 taxpayer; and

15 (3) The date the payment was received by the fund.

16 (f) To receive the tax credit provided under this section,
17 a taxpayer shall claim the credit on the taxpayer's state income
18 in the manner prescribed by the director of taxation and file
19 with the return a copy of the form issued by the Hawaii public
20 housing authority under subsection (e).



1 (g) This section does not prohibit the director of
2 taxation from conducting an examination of the credit claimed
3 and assessing additional tax due under section 235-108.

4 (h) A partnership, subchapter S corporation, limited
5 partnership, limited liability company, or any other passthrough
6 entity making a contribution to the housing incentive fund under
7 this section is considered to be the taxpayer for purposes of
8 this section, and the amount of the credit allowed must be
9 determined at the passthrough entity level. The amount of the
10 total credit determined at the entity level must be passed
11 through to the partners, shareholders, or members in proportion
12 to their respective interests in the passthrough entity."

13 SECTION 3. The director of finance is authorized to issue
14 general obligation bonds in the sum of \$50,000,000 or so much
15 thereof as may be necessary and the same sum or so much thereof
16 as may be necessary is appropriated for fiscal year 2020-2021
17 for the purpose of funding the housing incentive fund.

18 SECTION 4. The appropriation made for the housing
19 incentive fund authorized by this Act shall not lapse at the end
20 of the fiscal biennium for which the appropriation is made;



1 provided that all moneys from the appropriation unencumbered as
2 of June 30, 2022, shall lapse as of that date.

3 SECTION 5. New statutory material is underscored.

4 SECTION 6. This Act, upon its approval, shall apply to
5 taxable years beginning after December 31, 2020.



Report Title:

Hawaii Public Housing Authority; Housing Incentive Fund; Tax Credit; Affordable Housing; Housing; Appropriation

Description:

Creates the housing incentive fund to be administered by the Hawaii public housing authority. Allows the fund to be seeded with general obligation bonds. Establishes an income tax credit for individuals or corporations who contribute to the fund.
(SD1)

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