

JAN 18 2019

A BILL FOR AN ACT

RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.

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

1 SECTION 1. Section 235-110.8, Hawaii Revised Statutes, is
2 amended to read as follows:

3 1. By amending subsection (f) to read:

4 "(f) For the purposes of this section, the determination
5 of:

6 (1) Qualified basis and qualified low-income building
7 shall be made under section 42(c) [7] of the Internal
8 Revenue Code;

9 (2) Eligible basis shall be made under section 42(d) [7] of
10 the Internal Revenue Code;

11 (3) Qualified low-income housing project shall be made
12 under section 42(g) [7] of the Internal Revenue Code;
13 and

14 (4) Recapture of credit shall be made under section
15 42(j) [7] of the Internal Revenue Code, except that the
16 tax for the taxable year shall be increased under
17 section 42(j) (1) of the Internal Revenue Code, only



1 with respect to credits that were used to reduce state
2 income taxes[, and
3 ~~(5) Application of at risk rules shall be made under~~
4 ~~section 42(k)~~,
5 ~~of the Internal Revenue Code]."~~

6 2. By amending subsection (i) to read:

7 "(i) The credit allowed under this section shall be
8 claimed against net income tax liability for the taxable year.
9 For the purpose of deducting this tax credit, net income tax
10 liability means net income tax liability reduced by all other
11 credits allowed the taxpayer under this chapter.

12 A tax credit under this section that exceeds the taxpayer's
13 income tax liability may be used as a credit against the
14 taxpayer's income tax liability in subsequent years until
15 exhausted. All claims for a tax credit under this section shall
16 be filed on or before the end of the twelfth month following the
17 close of the taxable year for which the credit may be claimed.
18 Failure to properly and timely claim the credit shall constitute
19 a waiver of the right to claim the credit. A taxpayer may claim
20 a credit under this section only if the building or project is a



1 qualified low-income housing building or a qualified low-income
2 housing project under section 42 of the Internal Revenue Code.

3 Section 42(k) (with respect to application of at-risk
4 rules), section 465 (with respect to deductions limited to
5 amount at risk), and section 469 (with respect to passive
6 activity losses and credits limited) of the Internal Revenue
7 Code shall not be applied [~~in~~] with respect to investments in
8 buildings and projects claiming the credit under this section."

9 SECTION 2. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$ or so
11 much thereof as may be necessary for fiscal year 2019-2020 and
12 the same sum or so much thereof as may be necessary for fiscal
13 year 2020-2021 to establish one full-time equivalent (1.00 FTE)
14 position in the Hawaii housing finance and development
15 corporation to oversee the low-income housing tax credit
16 program.

17 The sums appropriated shall be expended by the Hawaii
18 housing finance and development corporation for the purposes of
19 this Act.

20 SECTION 3. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 4. This Act, upon its approval, shall take effect
 2 on January 1, 2020, and shall apply to qualified low-income
 3 buildings awarded credits beginning after December 31, 2019;
 4 provided that:

- 5 (1) The amendments made in section 1 of this Act shall not
 6 be repealed when section 235-110.8, Hawaii Revised
 7 Statutes, is reenacted on December 31, 2021, pursuant
 8 to Act 129, Session Laws of Hawaii 2016; and
 9 (2) Section 2 of this Act shall take effect on July 1,
 10 2019.
 11

INTRODUCED BY: Rosal E. Pe
 [Handwritten signatures: Rosal E. Pe, Breene, Hawaii, Kurt Ferrell, and another signature]



S.B. NO. 441

Report Title:

Low-income Housing Tax Credit; Hawaii Housing Finance and Development Corporation; Appropriation

Description:

Specifies that certain provisions of the Internal Revenue Code related 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. Appropriates funds to establish one position in the Hawaii Housing Finance and Development Corporation to oversee the Low-Income Housing Tax Credit Program.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

