

S.B. NO. 1062

JAN 27 2021

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. Act 129, Session Laws of Hawaii 2016, is
2 amended by amending section 4 to read as follows:

3 "SECTION 4. This Act, upon its approval, shall take effect
4 on January 1, 2017, and shall apply to qualified low-income
5 buildings awarded credits after December 31, 2016; provided that
6 this Act shall be repealed on December 31, [~~2021~~,] 2026, and
7 section 235-110.8, Hawaii Revised Statutes, shall be reenacted
8 in the form in which it read on the day prior to the effective
9 date of this Act."

10 SECTION 2. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 3. This Act shall take effect upon its approval.

13
14 INTRODUCED BY: _____



15 BY REQUEST
16

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Report Title:

Low-Income Housing Tax Credit

Description:

Extends the sunset date of amendments to the State Low-Income Housing Tax Credit by an additional five years.

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

SB. NO. 1062

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.

PURPOSE: To extend the sunset date of temporary amendments to the State Low-Income Housing Tax Credit (LIHTC) for an additional five years.

MEANS: Amend section 4 of Act 129, Session Laws of Hawaii (SLH) 2016.

JUSTIFICATION: Act 129, SLH 2016, amended the calculation of the State LIHTC by amending the applicable period over which the credit may be claimed from ten to five years. The Legislature postulated that this would increase the attractiveness of the State LIHTC, and would generate more equity to finance affordable rental housing development. Act 129 has a sunset date of December 31, 2021.

HHFDC has been administering the State LIHTC in accordance with Act 129 since its enactment. However, HHFDC has not been able to fully evaluate the efficacy of Act 129 due to the overall adjustment in LIHTC pricing from 2016 and the economic downturn. Therefore, an extension of the sunset date for another five-year period, to December 31, 2026, would be helpful to continue evaluation of Act 129's benefits.

Impact on the public: Minimal.

Impact on the department and other agencies: Minimal.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM

DESIGNATION: BED 160.

OTHER AFFECTED

AGENCIES: Department of Taxation.

EFFECTIVE DATE: Upon approval.