

STAND. COM. REP. NO.

1102

Honolulu, Hawaii

MAR 19 , 2021

RE: S.B. No. 659
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 659, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to amend the Low-Income Housing Tax Credit by:

- (1) Allowing the tax credit to be allocated among the partners or members of the partnership or limited liability company earning the credit in any manner agreed to by the partners or members;
- (2) Extending the increases made to the tax credit until December 31, 2027; and
- (3) Applying the amendments to taxable years beginning after December 31, 2024.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation; The Michaels Organization; Bank of Hawaii; NAIOP Hawaii; Stanford Carr Development, LLC; Dowling Company, Inc.; Maui Chamber of Commerce;

2021-2561 SB659 HD1 HSCR HMSO-1



Pacific Resource Partnership; and Hawaii Appleseed Center for Law and Economic Justice. Your Committee received comments on this measure from the Department of Taxation, Department of Budget and Finance, Tax Foundation of Hawaii, Hunt Companies - Hawaii, Hunt Capital Partners LLC, and Sugar Creek Capital.

Your Committee finds that this measure broadens how partners or members of a partnership or limited liability company may decide to allocate any low-income housing tax credits earned during a taxable year. This will expand the availability of the tax credit at little to no cost to the State. This measure therefore supports the development of affordable housing by increasing the available equity and feasibility of the construction and operation of affordable rental housing development projects in the State.

Your Committee has amended this measure by:

- (1) Specifying that the Low-Income Housing Tax Credit shall apply to taxable years beginning after December 31, 2020;
- (2) Changing the effective date to December 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 659, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 659, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



Respectfully submitted on
behalf of the members of the
Committee on Housing,

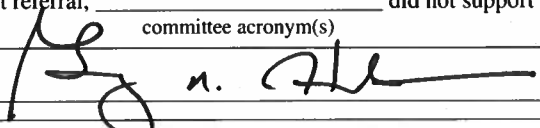

NADINE K. NAKAMURA, Chair



State of Hawaii
House of Representatives
The Thirty-first Legislature

HSCR 1102

Record of Votes of the Committee on Housing

Bill/Resolution No.: SB 659, SD 2		Committee Referral: HSG, CPC, FIN		Date: 3/18/21	
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.					
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)					
HSG Members		Ayes	Ayes (WR)	Nays	Excused
1. NAKAMURA, Nadine K. (C)		✓			
2. HASHIMOTO, Troy N. (VC)		✓			
3. AQUINO, Henry J.C.		✓			
4. DeCOITE, Lynn		✓			
5. ILAGAN, Greggor		✓			
6. KITAGAWA, Lisa		✓			
7. TAKUMI, Roy M.					✓
8. McDERMOTT, Bob		✓			
TOTAL (8)		7	0	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)					
Vice Chair's or designee's signature: 					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					