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# 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 by amending subsection (b) to read as follows:

3       "(b) Each taxpayer subject to the tax imposed by this  
4 chapter, who has filed a net income tax return for a taxable  
5 year may claim a low-income housing tax credit against the  
6 taxpayer's net income tax liability. The amount of the credit  
7 shall be deductible from the taxpayer's net income tax  
8 liability, if any, imposed by this chapter for the taxable year  
9 in which the credit is properly claimed on a timely basis. A  
10 credit under this section may be allocated by a partnership or  
11 limited liability company in any manner agreed to by the  
12 partners or members regardless of whether the individual or  
13 entity to receive the credit is deemed to be a partner or member  
14 for federal income tax purposes, so long as the individual or  
15 entity is deemed to be a partner or member pursuant to  
16 applicable state law. A partner or member that is a partnership  
17 or limited liability company that has been allocated a credit



1 may either further allocate the credit or transfer, sell, or  
2 assign all or a portion of the credit to any taxpayer,  
3 regardless of whether the taxpayer owns a direct or indirect  
4 interest in the qualified low-income building; provided that,  
5 for any tax year in which the credit is transferred, sold, or  
6 assigned pursuant to this subsection, the transferee shall have  
7 received the transfer or assignment of the tax credit before the  
8 date the tax return, or amended return, claiming the tax credit  
9 is filed, and the transferor shall notify the department of  
10 taxation of the transfer, sale, or assignment at least thirty  
11 days before the transferee claims the tax credits. The  
12 notification shall be in the manner prescribed by the department  
13 of taxation. The credit may be claimed whether or not the  
14 taxpayer is eligible to be allocated a federal low-income  
15 housing tax credit pursuant to section 42 of the Internal  
16 Revenue Code."

17 SECTION 2. Act 129, Session Laws of Hawaii 2016, as  
18 amended by section 2 of Act 226, Session Laws of Hawaii 2021, is  
19 amended by amending section 4 to read as follows:

20 "SECTION 4. This Act, upon its approval, shall take effect  
21 on January 1, 2017, and shall apply to qualified low-income



1 buildings awarded credits after December 31, 2016; provided that  
2 this Act shall be repealed on December 31, [~~2027,~~] 2032, and  
3 section 235-110.8, Hawaii Revised Statutes, shall be reenacted  
4 in the form in which it read on the day prior to the effective  
5 date of this Act."

6 SECTION 3. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8 SECTION 4. This Act, upon its approval, shall apply to  
9 taxable years beginning after December 31, 2025.



**Report Title:**

LIHTC; Partnership; Limited Liability Company; Allocation;  
Transfer, Sale, or Assignment; Direct or Indirect Interest;  
Sunset; Extension

**Description:**

Authorizes a partner or member in a partnership or limited liability company that has been allocated a low-income housing tax credit to further allocate the credit or transfer, sell, or assign up to one hundred per cent of the tax credit, under certain conditions. Extends the sunset date for certain provisions of the Low-Income Housing Tax Credit for low-income buildings. Applies to taxable years after 12/31/2025. (SD1)

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

