

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



DEAN MINAKAMI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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Statement of  
**DEAN MINAKAMI**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON WAYS AND MEANS**

February 26, 2025 at 10:04 a.m.  
State Capitol, Room 211

In consideration of  
**S.B. 944 SD1**  
**RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.**

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

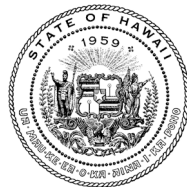
HHFDC supports SB 944 SD1, which authorizes a partner or member in a partnership or limited liability company that has been allocated a low-income housing tax credit (LIHTC) to further allocate the credit or transfer, sell, or assign up to 100% of the tax credit, under certain conditions. It also extends the sunset date for certain provisions of LIHTC for low-income buildings.

LIHTC is one of the most important resources for creating affordable housing in the United States today. This bill would significantly expand the pool of investors by allowing developers to further allocate the credit or transfer, sell, or assign up to 100% of the tax credit, under certain conditions. HHFDC also supports extending the sunset date by five years, to 2032, to provide greater certainty to developers and investors.

Thank you for the opportunity to testify on this bill.

**JOSH GREEN M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

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**GARY S. SUGANUMA**  
DIRECTOR

**KRISTEN M.R. SAKAMOTO**  
DEPUTY DIRECTOR

**TESTIMONY OF**  
**GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 944, S.D. 1, Relating to the Low-Income Housing Tax Credit.

**BEFORE THE:**

Senate Committee on Ways and Means

**DATE:** Wednesday, February 26, 2025

**TIME:** 10:04 a.m.

**LOCATION:** State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 944, S.D. 1, for your consideration.

Section 1 of S.B. 944, S.D. 1, amends section 235-110.8(b), Hawaii Revised Statutes (HRS), to allow a partner or member of a partnership or limited liability company that has been allocated a low-income housing tax credit (LIHTC) to further allocate a credit, or transfer, sell, or assign all or a portion of a credit to any taxpayer (regardless of whether the taxpayer has a direct or indirect interest in the subject property). The transferee must have received the transfer or assignment of the credit before the tax return is filed and the transferor must notify DOTAX of the transfer, sale, or assignment at least 30 days before the transferee claims the tax credit.

Section 2 of the bill amends Act 129, Session Laws of Hawaii 2016, to extend its repeal and reenactment date from December 31, 2027, to December 31, 2032.

This measure is effective upon approval and applies to taxable years beginning after December 31, 2025.

DOTAX estimates a revenue loss as follows:

**General Fund Impact (\$ millions)**

| <b>FY2026</b> | <b>FY2027</b> | <b>FY2028</b> | <b>FY2029</b> | <b>FY2030</b> | <b>FY2031</b> |
|---------------|---------------|---------------|---------------|---------------|---------------|
| -28.2         | -29.6         | -31.1         | -57.1         | -60.0         | -63.0         |

Thank you for the opportunity to provide comments on this measure.



**GORDON M. ARAKAKI**

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February 24, 2025

Hearing Date: Wednesday, February 26, 2025

Time: 10:04 AM

Place: Conference Room 211

The Honorable Donovan M. Dela Cruz, Chair  
The Honorable Sharon Y. Moriwaki, Vice Chair  
Senate Committee on Ways and Means

Re: Testimony of the American Council of Life Insurers in Support of SB 944, SD1 –  
Relating to Low-Income Housing Tax Credit  
(Written Testimony Only)

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee on Ways and Means:

Thank you for the opportunity to testify in *support* of SB 944, SD1, which would allow partnerships and limited liability companies to further allocate, transfer, sell, or assign all or portions of their State Low-Income Housing Tax Credits to other taxpayers. The bill also extends the sunset date (from 2027 to 2032) for certain provisions of the Low-Income Housing Tax Credit for low-income buildings.

I represent the American Council of Life Insurers (“ACLI”). ACLI is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. Ninety million American families rely on the life insurance industry for financial protection and retirement security. ACLI’s member companies are dedicated to protecting consumers’ financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI’s 275 member companies represent 93 percent of industry assets in the United States.

ACLI members invest in tax credits such as the Low-Income Housing Tax Credit that is the subject of SB 944, SD1. This measure will significantly enhance the utility and effectiveness of the tax credit, thereby increasing investment in affordable housing and helping to address Hawaii’s pressing housing crisis.

Allowing partnerships and limited liability companies to further allocate, transfer, sell, or assign all or portions of their Low-Income Housing Tax Credits to other taxpayers will:

Testimony in Support of SB 944, SD1 – Relating to Low-Income Housing Tax Credit

Senate Committee on Ways and Means

Hearing Date: Wednesday, February 26, 2025

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- Expand access to investment by a broader range of Hawaii-based businesses and individuals with state income tax liabilities; and
- Increase the utility of the credit by bringing in investors who are best positioned to use the credits effectively, which will give low-income housing developers greater capacity to leverage the Low-Income Housing Tax Credit program.

If an investor buys the Low-Income Housing Tax Credit from a non-profit (who cannot use the credit), that means more dollars for the non-profit to use in building low income housing.

Thank you for your time and consideration of ACLI's testimony in *support* of SB 944, SD1. We respectfully request that you to pass this bill.

Sincerely,

Gordon M. Arakaki

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

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SUBJECT: NET INCOME; Allow Allocation, Transfer, Sale, or Assignment of Low-Income Housing Credit

BILL NUMBER: SB 944 SD 1

INTRODUCED BY: Senate Committee on Housing

EXECUTIVE SUMMARY: 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.

SYNOPSIS: Amends section 235-110.8, HRS, to provide that a partner or member that is a partnership or limited liability company that has been allocated a credit may either further allocate the credit or transfer, sell, or assign all or a portion of the credit to any taxpayer, whether or not the taxpayer owns a direct or indirect interest in the qualified low-income building; provided that, for any tax year in which the credit is transferred, sold, or assigned, the transferee shall have received the transfer or assignment of the tax credit before the date the tax return, or amended return, claiming the tax credit is filed, and the transferor shall notify the department of taxation of the transfer, sale, or assignment at least thirty days before the transferee claims the tax credits.

EFFECTIVE DATE: Upon approval, shall apply to taxable years beginning after December 31, 2025.

STAFF COMMENTS: The intent here appears to be to allow monetization of the low-income housing credit by allowing it to be transferred.

The proviso that the transferee “shall have received the transfer or assignment of the tax credit before the date the tax return, or amended return, claiming the tax credit is filed” appears to be pointless. Of course the transferee would need to be transferred the credit before the tax return claiming the credit is filed. If the intent was to require the transfers to take place before a certain date, such as the unextended due date of the income tax return for the year, that should be stated instead. The current language appears to allow the transfer up until three years following the date of the transferee’s tax return, which is normally the date by which any amendment of the return must be filed.

Digested: 2/24/2025

**Testimony to the Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair**

**Wednesday, February 26, 2024, at 10:04AM  
Conference Room 211 & Videoconference**

**RE: SB944 SD1 Relating to the Low-Income Housing Tax Credit**

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports Senate Bill 944 Senate Draft 1 (SB944 SD1), which 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.

SB944 SD1 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Business Services. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

Expanding low-income housing tax credits is key to addressing Hawaii's housing crisis and attracting private investment. This bill amends Hawaii Revised Statutes Section 235-110.8 to increase the flexibility of the low-income housing tax credit (LIHTC) program by allowing tax credits to be allocated, transferred, sold, or assigned more freely among taxpayers, including partnerships and limited liability companies. These changes make it easier for developers to secure funding, broaden investor participation, and accelerate affordable housing construction.

The bill also extends the LIHTC program's sunset date from December 31, 2027, to December 31, 2032, ensuring long-term support for affordable housing development. This extension provides financial stability for developers and maintains a steady pipeline of projects. The Chamber supports this bill as it strengthens private investment, simplifies financing, and ensures program continuity, ultimately increasing affordable housing and expanding access for Hawaii residents.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass Senate Bill 944 Senate Draft 1. Thank you for the opportunity to testify.



February 25, 2025

Senator Donovan Dela Cruz, Chair  
Senator Sharon Moriwaki, Vice Chair  
Committee on Ways and Means

RE: **SB 944 SD1 - Relating to the Low-Income Housing Tax Credit**  
**Hearing date: February 26, 2025 at 10:04 AM**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii in **STRONG SUPPORT of SB 944 SD1 RELATING TO THE LOW-INCOME HOUSING TAX CREDIT**. NAIOP Hawaii is the local chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders, and other professionals.

SB 944 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.

NAIOP supports SB 944 which proposes essential changes to the State Low-Income Housing Tax Credit (LIHTC) program. This measure will significantly enhance the utility and effectiveness of the tax credit, thereby increasing investment in affordable housing and addressing Hawaii's pressing housing crisis.

Our members have firsthand experience in the challenges and opportunities of affordable housing developments and understand how vital innovative financing mechanisms are to making these developments feasible. By allowing partnerships and limited liability companies (LLCs) to further allocate, transfer, sell, or assign all or portions of their LIHTCs to other taxpayers, SB 944 will:

1. **Expand Access to Investment:** This flexibility will enable a broader range of Hawaii-based businesses and individuals with state income tax liabilities to invest in affordable housing projects, fostering a more inclusive and diversified investor base.
2. **Increase the Utility of the Credit:** Developers will have greater capacity to leverage the LIHTC program by engaging with investors who are best positioned to utilize the credits effectively, ensuring projects receive the necessary funding.



3. Enhance Affordable Housing Development: By optimizing the value of State LIHTCs, these bills will help accelerate the development of affordable housing projects, directly benefiting residents who are in critical need of stable, affordable homes.

Moreover, the proposed extension of the sunset date for the State LIHTC from 2027 to 2032 provides a much-needed runway to maintain momentum in affordable housing initiatives. Long-term certainty is critical for planning and executing large-scale developments, and this extension will ensure continuity and stability in Hawaii's affordable housing efforts.

Affordable housing is a cornerstone of a thriving and equitable community. By advancing SB 944, the Legislature will help create meaningful opportunities for private-sector investment and public benefit, addressing the housing shortage and easing the financial burden on many families across our state.

Thank you for your leadership and dedication to solving Hawaii's housing challenges. I urge your committees to advance SB 944 and encourage your colleagues to support these critical measures. NAIOP Hawaii appreciates the Legislature's commitment to creating affordable housing for Hawaii residents and we look forward to working together. Thank you for the opportunity to provide testimony.

Mahalo for your consideration,



Reyn Tanaka, President  
NAIOP Hawaii



**MAUI**  
CHAMBER OF COMMERCE  
**VOICE OF BUSINESS**

**LATE**

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211  
Wednesday, February 26, 2025 AT 10:04 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair  
The Honorable Senator Sharon Y. Moriwaki, Vice Chair  
Members of the committee on Ways and Means

**SUPPORT SB944 SD1 RELATING TO THE LOW-INCOME HOUSING TAX CREDIT**

The Maui Chamber of Commerce **SUPPORTS SB944 SD1** which 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; and extends the sunset date for certain provisions of the Low-Income Housing Tax Credit for low-income buildings.

The Chamber applauds this bill for promoting policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawai'i's residents. Expanding low-income housing tax credits is a key strategy in addressing Hawai'i's housing crisis and attracting private investment. This bill amends HRS Section 235-110.8 to increase the flexibility of the low-income housing tax credit (LIHTC) program by allowing tax credits to be allocated, transferred, sold, or assigned more freely among taxpayers, including partnerships and limited liability companies. These changes make it easier for developers to secure funding, broaden investor participation, and accelerate the construction of affordable housing.

The bill also extends the LIHTC program's sunset date from December 31, 2027, to December 31, 2032, ensuring long-term support for affordable housing development. This extension provides financial stability for developers and maintains a steady pipeline of projects.

We fully support this bill, as it strengthens private investment, simplifies financing, and ensures program continuity, ultimately increasing affordable housing availability and expanding access for Hawai'i residents.

For these reasons we **SUPPORT SB944 SD1** and respectfully request its passage.

Sincerely,

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



**Subject:** Support for Senate Bill 944 (SB944 SD1)

Dear Chair and Members of the Committee,

I am writing to express my strong support for Senate Bill 944 (SB944 SD1), which proposes essential changes to the State Low-Income Housing Tax Credit (LIHTC) program. These measures will significantly enhance the utility and effectiveness of the tax credit, thereby increasing investment in affordable housing and addressing Hawaii's pressing housing crisis.

By allowing partnerships and limited liability companies (LLCs) to further allocate, transfer, sell, or assign all or portions of their LIHTCs to other taxpayers, SB944 SD1 will:

1. **Expand Access to Investment:** This flexibility will enable a broader range of Hawaii-based businesses and individuals with state income tax liabilities to invest in affordable housing projects, fostering a more inclusive and diversified investor base.
2. **Enhance Affordable Housing Development:** By optimizing the value of State HTC's, these bills will help accelerate the development of affordable housing projects, directly benefiting residents who are in critical need of stable, affordable homes.

Affordable housing is a cornerstone of a thriving and equitable community. By advancing SB944 SD1, the Legislature will help create meaningful opportunities for private-sector investment and public benefit, addressing the housing shortage and easing the financial burden on many families across Hawaii.

Thank you for your leadership and dedication to solving Hawaii's housing challenges. I urge your committees to advance SB944 SD1 and encourage your colleagues to support these critical measures.

Please feel free to contact me at 912-614-8419 or [tlowmon@sugarcreekcapital.com](mailto:tlowmon@sugarcreekcapital.com) if I can provide additional information or assistance.

Sincerely,

*Tommy Lowmon*

Tommy Lowmon  
Director of Housing Policy

Sugar Creek Capital