

ACT 145

H.B. NO. 3097

A Bill for an Act Relating to Low-income Rental Housing.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Chapter 235, Hawaii Revised Statutes, and the federal Internal Revenue Code provide tax credits to encourage the private development of low-income rental housing projects. Credits work in one of two ways: either the credits are kept by the developer/owner to offset liability; or the credits are syndicated to raise equity for the project, thereby reducing the mortgage requirements needed.

Unlike the federal tax credits, the application of the state tax credits is limited to income tax and corporate tax liabilities. This limitation excludes financial institutions that are subject to the franchise tax under chapter 241, Hawaii Revised Statutes. The franchise tax currently does not provide for a low-income housing tax credit similar to the credit under chapter 235, Hawaii Revised Statutes.

The purpose of this bill is to make operative the low-income housing tax credit as provided under section 235-110.8, Hawaii Revised Statutes, for chapter 241 effective for taxable years beginning after December 31, 1991.

SECTION 2. Chapter 241, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§241- Low-income housing; income tax credit.** The low-income housing tax credit provided under section 235-110.8 shall be operative for this chapter.”

SECTION 3. New statutory material is underscored.<sup>1</sup>

**SECTION 4.** This Act shall take effect on January 1, 1993, so that this Act shall apply to the entire net income from all sources for the calendar year 1992, and for calendar years thereafter. In the case of a taxpayer operating on a fiscal year basis, the Act shall apply to the entire net income from all sources received for the fiscal year in which January 1, 1993, occurs and for fiscal years thereafter.

(Approved June 4, 1992.)

**Note**

1. Edited pursuant to HRS §23G-16.5.