
A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that, at present, a
2 county has difficulty in providing direct real property tax
3 relief to a renter in a practical and efficient manner. If a
4 county reduces the residential or apartment real property tax
5 rate, the county would not be assured that the landlord will
6 pass the savings on to the renter.

7 This Act is intended to allow a county to provide direct
8 relief to a renter in order to offset a portion of the renter's
9 real property tax burden.

10 The purpose of this Act is to provide a renter's tax credit
11 to persons who have rented and occupied residential units within
12 the boundaries of a county if the county agrees to pay for the
13 tax loss and administrative costs.

14 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 "§235- Renter's tax credit. (a) If the State and a
18 county agree in writing, there shall be allowed a tax credit for



1 each resident individual taxpayer who qualifies under subsection
2 (b). The agreement shall require the State to provide the tax
3 credit to a qualified taxpayer during a taxable year if the
4 county agrees to pay or reimburse the State for the tax loss
5 resulting from the credit and cost to the State to administer
6 the credit. The agreement shall be executed by the State and
7 county at least one hundred eighty days before the taxable year
8 in which the credit is to apply. The agreement shall also
9 require the county to agree to allow the State to withhold an
10 appropriate amount from the county's share of the transient
11 accommodations tax or general excise and use tax surcharge if
12 the county fails to pay or reimburse the State for the tax loss
13 from the credit and administrative cost.

14 If an agreement is not executed in compliance with this
15 section for the application of the tax credit in a taxable year,
16 then the tax credit shall not be available to renters within the
17 boundary of the county during that taxable year.

18 If the tax credit is made available to residential
19 individual taxpayers within the boundaries of a county, the tax
20 credit shall be additional to the tax credit for low-income
21 household renters under section 235-55.7.



1 (b) A resident individual taxpayer shall qualify for the
2 tax credit made available during a taxable year if:

3 (1) The taxpayer has rented and occupied a residential
4 unit within the boundaries of the county at any time
5 during the taxable year;

6 (2) The taxpayer does not own other residential property
7 nor receive a real property tax homeowner's exemption;
8 and

9 (3) Is not eligible to be claimed as a dependent for
10 federal or state income taxes by another.

11 (c) The amount of the tax credit available during a
12 taxable year shall be the amount agreed to by the county and the
13 State. The amount may be a flat amount or vary according to the
14 income of the taxpayer, rent paid by the taxpayer, or other
15 factors.

16 (d) The tax credit shall be deductible from the qualified
17 taxpayer's net income tax liability, if any, for the taxable
18 year in which the credit is made available and properly claimed;
19 provided that spouses filing separate returns for a taxable year
20 for which a joint return could have been made by them shall
21 claim only the tax credit to which they would have been entitled
22 had a joint return been filed.



1 (e) If a rental unit is occupied by two or more
2 individuals, and more than one individual qualifies for the tax
3 credit, the claim for the credit shall be based on the actual
4 share of the rent paid.

5 (f) If the tax credit under this section exceeds the
6 taxpayer's income tax liability, the excess of credit over
7 liability may be used as a credit against the taxpayer's income
8 tax liability in subsequent years until exhausted.

9 (g) A claim for the tax credit under this section,
10 including any amended claim, shall be filed on or before the end
11 of the twelfth month following the taxable year for which the
12 credit may be claimed. Failure to comply with the foregoing
13 provision shall constitute a waiver of the right to claim the
14 credit.

15 (h) The director of taxation:

16 (1) Shall prepare any forms that may be necessary to claim
17 a tax credit under this section;

18 (2) May require the taxpayer to furnish information to
19 ascertain the validity of the claim for the credit
20 made under this section; and

21 (3) May adopt rules in accordance with chapter 91 to
22 implement this section.



1 (i) All of the provisions relating to assessment and
2 refunds under section 231-23(c)(1) shall apply to the tax
3 credits hereunder."

4 SECTION 3. New statutory material is underscored.

5 SECTION 4. This Act shall take effect upon its approval.

6

INTRODUCED BY: Calvin T. Gray
JAN 24 2007



Report Title:

Renter's Tax Credit; Real Property Tax

Description:

Authorizes a tax credit for residential renters within the boundaries of a county if the county agrees to pay the State for the tax loss and administrative cost.

