

JAN 23 2015

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# A BILL FOR AN ACT

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RELATING TO INCOME TAX CREDITS.

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

1       SECTION 1. Section 235-55.7, Hawaii Revised Statutes, is  
2 amended to read as follows:

3       "**§235-55.7 Income tax credit for low-income household**  
4 **renters.** (a) As used in this section:

5       (1) "Adjusted gross income" is defined by section 235-1.

6       (2) "Consumer Price Index" means the Consumer Price Index  
7 for All Urban Consumers published by the United States  
8 Department of Labor.

9       ~~[(2)]~~ (3) "Qualified exemption" includes those exemptions  
10 permitted under this chapter; provided that a person  
11 for whom exemption is claimed has physically resided  
12 in the State for more than nine months during the  
13 taxable year; and provided that multiple exemption  
14 shall not be granted because of deficiencies in  
15 vision, hearing, or other disability.

16       ~~[(3)]~~ (4) "Rent" means the amount paid in cash in any  
17 taxable year for the occupancy of a dwelling place



1        which is used by a resident taxpayer or the resident  
2        taxpayer's immediate family as the principal residence  
3        in this State. Rent is limited to the amount paid for  
4        the occupancy of the dwelling place only, and is  
5        exclusive of charges for utilities, parking stalls,  
6        storage of goods, yard services, furniture,  
7        furnishings, and the like. Rent shall not include any  
8        rental claimed as a deduction from gross income or  
9        adjusted gross income for income tax purposes, any  
10       ground rental paid for use of land only, and any rent  
11       allowance or subsidies received.

12       (b) Each resident taxpayer who occupies and pays rent for  
13       real property within the State as the resident taxpayer's  
14       residence or the residence of the resident taxpayer's immediate  
15       family which is not partially or wholly exempted from real  
16       property tax, who is not eligible to be claimed as a dependent  
17       for federal or state income taxes by another, and who files an  
18       individual net income tax return for a taxable year, may claim a  
19       tax credit under this section against the resident taxpayer's  
20       Hawaii state individual net income tax.



(c) Each taxpayer with an adjusted gross income of less than ~~[\$30,000]~~ \$60,000 who has paid more than \$1,000 in rent during the taxable year for which the credit is claimed may claim a tax credit of ~~[\$50]~~ \$150 multiplied by the number of qualified exemptions to which the taxpayer is entitled; provided each taxpayer sixty-five years of age or over may claim double the tax credit; and provided that a resident individual who has no income or no income taxable under this chapter may also claim the tax credit as set forth in this section.

(d) For each taxable year beginning after December 31, 2015, each dollar amount contained in subsection (c) shall be increased by an amount equal to that dollar amount, multiplied by the percentage, if any, by which the Consumer Price Index for the preceding calendar year exceeds the Consumer Price Index for the calendar year 2016.

~~[(d)]~~ (e) If a rental unit is occupied by two or more individuals, and more than one individual is able to qualify as a claimant, the claim for credit shall be based upon a pro rata share of the rent paid.

~~[(e)]~~ (f) The tax credits shall be deductible from the taxpayer's individual net income tax for the tax year in which



1 the credits are properly claimed; provided that a husband and  
2 wife filing separate returns for a taxable year for which a  
3 joint return could have been made by them shall claim only the  
4 tax credits to which they would have been entitled had a joint  
5 return been filed. In the event the allowed tax credits exceed  
6 the amount of the income tax payments due from the taxpayer, the  
7 excess of credits over payments due shall be refunded to the  
8 taxpayer; provided that allowed tax credits properly claimed by  
9 an individual who has no income tax liability shall be paid to  
10 the individual; and provided further that no refunds or payments  
11 on account of the tax credits allowed by this section shall be  
12 made for amounts less than \$1.

13 ~~[(f)]~~ (g) The director of taxation shall prepare and  
14 prescribe the appropriate form or forms to be used herein, may  
15 require proof of the claim for tax credits, and may adopt rules  
16 pursuant to chapter 91.

17 ~~[(g)]~~ (h) All of the provisions relating to assessments  
18 and refunds under this chapter and under section 231-23(c)(1)  
19 shall apply to the tax credits hereunder.

20 ~~[(h)]~~ (i) Claims for tax credits under this section,  
21 including any amended claims thereof, shall be filed on or



1 before the end of the twelfth month following the taxable year  
2 for which the credit may be claimed."

3 SECTION 2. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act, upon its approval, shall apply to  
6 taxable years beginning after December 31, 2015.

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**Report Title:**

Income Tax Credit; Low-Income Household Renters

**Description:**

Amends income tax credit for low-income household renters to adjust for inflation. Applies to taxable years beginning after 12/31/2015.

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

