
A BILL FOR AN ACT

RELATING TO INTERNATIONAL AFFAIRS.

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

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Income tax credit for exchange program hosts.

5 (a) There shall be allowed to each taxpayer subject to the tax
6 imposed under this chapter, a credit that shall be deductible
7 from the taxpayer's net income tax liability, if any, imposed by
8 this chapter for the taxable year in which the credit is
9 properly claimed.

10 (b) The amount of the tax credit shall be equal to the
11 qualified expenses, as defined in this section, of the taxpayer;
12 provided that:

13 (1) If a deduction is taken under section 170(g) (with
14 respect to amounts paid to maintain certain students
15 as members of the taxpayer's household) of the
16 Internal Revenue Code of 1986, as amended, no tax
17 credit under this section shall be allowed for those



costs for which the deduction is taken pursuant to
section 170(g); and

(2) The amount of the tax credit shall not exceed
\$ _____ per month per taxpayer; provided that the
taxpayer has served as a host family for the foreign
exchange individual for a minimum of one month.

(c) The director of taxation:

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

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

(3) May adopt rules under chapter 91 necessary to
effectuate the purposes of this section.

(d) If the tax credit under this section exceeds the
taxpayer's income tax liability, the excess of the credit over
liability may be used as a credit against the taxpayer's income
tax liability in subsequent years until exhausted. All claims
for the tax credit under this section, including amended claims,
shall be filed on or before the end of the twelfth month
following the close of the taxable year for which the credit may



1 be claimed. Failure to comply with the foregoing provision
2 shall constitute a waiver of the right to claim the credit.

3 (e) For the purposes of this section:

4 "Foreign exchange individual" means a person who:

5 (1) Is an international student or pupil, fellow, or
6 intern, including those who are participants in an
7 intern exchange or student exchange program of the
8 Bureau of Educational and Cultural Affairs of the
9 United States Department of State; and

10 (2) Holds a valid F-1, J-1, or M-1 visa issued by the
11 United States Department of State.

12 "Host family" means a taxpayer who provides room and board
13 to maintain a foreign exchange individual for a minimum of one
14 month; provided that the room and board is provided on a
15 voluntary basis with no remuneration.

16 "Qualified expenses" means expenses incurred by a taxpayer
17 solely and directly as a result of the taxpayer acting as a host
18 family to a foreign exchange individual. Qualified expenses do
19 not include any amounts paid by a taxpayer:

20 (1) To maintain a relative of the taxpayer as a member of
21 the taxpayer's household, regardless of whether or not



1 the relative of the taxpayer otherwise fulfills the
2 requirements of a foreign exchange individual; or
3 (2) For which the taxpayer receives any money or other
4 property as compensation or reimbursement for
5 maintaining the foreign exchange individual in the
6 taxpayer's household.

7 "Relative of the taxpayer" means an individual who, with
8 respect to the taxpayer, bears any of the relationships
9 described in section 152(d)(2)(A) to (G) of the Internal Revenue
10 Code of 1986, as amended."

11 SECTION 2. New statutory material is underscored.

12 SECTION 3. This Act shall take effect on July 1, 2018, and
13 shall apply to taxable years beginning after December 31, 2018.



Report Title:

Foreign Exchange Student, International Affairs, Fellow, and
Intern; Income Tax Credit

Description:

Establishes an income tax credit for host families of foreign
exchange students, fellows, and interns. Effective 7/1/2018.
Applies to taxable years beginning after 12/31/2018. (HB2700
HD1)

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not legislation or evidence of legislative intent.*

