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# A BILL FOR AN ACT

RELATING TO TAXATION.

**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) In the case of a partnership, S corporation, estate,  
11 or trust, the tax credit allowable is for qualified expenses  
12 incurred by the entity for the taxable year. The expenses upon  
13 which the tax credit is computed shall be determined at the  
14 entity level. Distribution and share of credit shall be  
15 determined by rule.



1        (c) The amount of the tax credit shall be equal to the  
2 qualified expenses, as defined in this section, of the taxpayer;  
3 provided that:

4        (1) If a deduction is taken under section 170(g) (with  
5 respect to amounts paid to maintain certain students  
6 as members of the taxpayer's household) of the  
7 Internal Revenue Code of 1986, as amended, no tax  
8 credit under this section shall be allowed for those  
9 costs for which the deduction is taken pursuant to  
10 section 170(g); and

11       (2) The amount of the tax credit shall not exceed \$400  
12 multiplied by the number of full calendar months  
13 during the taxable year that the taxpayer acts as a  
14 host family for a foreign exchange individual.

15       (d) 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 reasonable  
19 information to ascertain the validity of the claim for  
20 credit made under this section; and



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

3       (e) If the tax credit under this section exceeds the  
4       taxpayer's income tax liability, the excess of the credit over  
5       liability may be used as a credit against the taxpayer's income  
6       tax liability in subsequent years until exhausted. All claims  
7       for the tax credit under this section, including amended claims,  
8       shall be filed on or before the end of the twelfth month  
9       following the close of the taxable year for which the credit may  
10       be claimed. Failure to comply with the foregoing provision  
11       shall constitute a waiver of the right to claim the credit.

12       (f) For the purposes of this section:

13       "Foreign exchange individual" means a person who:

14       (1) Is an international student or pupil, fellow, intern,  
15       including those who are participants in an intern  
16       exchange or student exchange program of the Bureau of  
17       Educational and Cultural Affairs of the United States  
18       Department of State; and

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



1       "Host family" means a taxpayer who provides room and board  
2 to maintain a foreign exchange individual for a minimum of  
3 thirty days; provided that the room and board is provided on a  
4 voluntary basis with no remuneration.

5       "Qualified expenses" means expenses incurred by a taxpayer  
6 solely and directly as a result of the taxpayer acting as a host  
7 family to a foreign exchange individual. Qualified expenses do  
8 not include any amounts paid by a taxpayer:

9       (1) To maintain a relative of the taxpayer as a member of  
10 the taxpayer's household, regardless of whether or not  
11 the relative of the taxpayer otherwise fulfills the  
12 requirements of a foreign exchange individual; or

13       (2) For which the taxpayer receives any money or other  
14 property as compensation or reimbursement for  
15 maintaining the foreign exchange individual in the  
16 taxpayer's household.

17       "Relative of the taxpayer" means an individual who, with  
18 respect to the taxpayer, bears any of the relationships  
19 described in section 152(d)(2)(A) to (G) of the Internal Revenue  
20 Code."

21       SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act shall take effect on July 1, 2051, and  
2 shall apply to taxable years beginning after December 31, 2016.



**Report Title:**

Foreign Exchange Individuals; Income Tax Credit for Host Families

**Description:**

Establishes an income tax credit for host families of foreign exchange individuals. (HB547 HD1)

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

