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# A BILL FOR AN ACT

RELATING TO HOUSING.

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

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

4           "§235-A Residential housing; visitability standards;  
5 income tax credit. (a) There shall be allowed to each taxpayer  
6 subject to the taxes imposed by this chapter a tax credit for  
7 actual costs in the construction or renovation of residential  
8 housing. The tax credit shall be deductible from the taxpayer's  
9 net income tax liability, if any, imposed by this chapter for  
10 the taxable year in which the credit is properly claimed.

11           (b) In the case of a partnership, S corporation, estate,  
12 or trust, the tax credit allowable is for qualified expenses  
13 incurred by the entity for the taxable year. The actual costs  
14 upon which the tax credit is computed shall be determined at the  
15 entity level. Distribution and share of credit shall be  
16 determined pursuant to section 704 of the Internal Revenue Code.



1        (c) The amount of the tax credit shall be equal to no more  
2 than seventy-five per cent of the actual costs of the taxpayer;  
3 provided that the amount of credit shall not exceed the  
4 applicable cap amount, which is determined as follows:

5        (1) Single-family residential property:

6            (A) If the residential housing is one single-family  
7 residential property, \$3,000; or

8            (B) If the residential housing is a development  
9 project of several single-family residential  
10 units, \$300 per unit; provided that the total  
11 amount of the tax credit shall not exceed \$20,000  
12 per development project; or

13        (2) Multi-family residential property:

14            If the residential housing is a multi-family  
15 residential property, \$300 per unit; provided that the  
16 total amount of tax credit shall not exceed \$20,000.

17        There shall be allowed a maximum of one tax credit claimed  
18 by a taxpayer under this section for each tax map key on which  
19 the residential property is located; provided that a taxpayer  
20 claiming a tax credit under this section shall not be allowed to



1 claim a tax credit under section 235-B for the same actual costs  
2 incurred.

3 (d) The director of taxation:

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

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

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

11 (e) If the tax credit under this section exceeds the  
12 taxpayer's income tax liability, the excess of the credit over  
13 liability may be used as a credit against the taxpayer's income  
14 tax liability in subsequent years until exhausted. All claims  
15 for the tax credit under this section, including amended claims,  
16 shall be filed on or before the end of the twelfth month  
17 following the close of the taxable year for which the credit may  
18 be claimed. Failure to comply with the foregoing provision  
19 shall constitute a waiver of the right to claim the credit.

20 (f) This section shall not apply to taxable years  
21 beginning after December 31, 2022.



1        (g) As used in this section:

2        "Actual costs" means the costs of construction and  
3 renovation that are necessary and directly incurred by the  
4 taxpayer to meet the housing visitability standards.

5        "Housing visitability standards" are minimum standards to  
6 provide accessibility and safety for individuals with  
7 disabilities when visiting or using residential space, including  
8 the following:

9        (1) At least one zero-step entrance into a home, on an  
10 accessible route leading from a driveway or public  
11 sidewalk;

12        (2) Interior doors with at least thirty-two inches of  
13 clear passage space through which a wheelchair may be  
14 navigated;

15        (3) At least one wheelchair-accessible full bathroom on  
16 the main floor of the home that is large enough for a  
17 person to access in a wheelchair and close the  
18 bathroom door from inside the bathroom;

19        (4) At least one accessible bedroom on the main floor of  
20 the home;



- 1        (5) Hallways with at least thirty-six inches of clear  
2            passage to allow maneuvering space for a wheelchair;  
3        (6) Light switches and electrical outlets that are  
4            accessible to a person using a wheelchair; and  
5        (7) Smoke detectors that permit both visible and audible  
6            detection of an alarm.

7        **§235-B Bed and breakfast; visitability standards; income**  
8 **tax credit.**    (a) There shall be allowed to each taxpayer  
9 subject to the taxes imposed by this chapter a tax credit for  
10 actual costs in the construction or renovation of a bed and  
11 breakfast that is registered with the county in which the bed  
12 and breakfast is located. The tax credit shall be deductible  
13 from the taxpayer's net income tax liability, if any, imposed by  
14 this chapter for the taxable year in which the credit is  
15 properly claimed.

16        (b) In the case of a partnership, S corporation, estate,  
17 or trust, the tax credit allowable is for qualified expenses  
18 incurred by the entity for the taxable year. The actual costs  
19 upon which the tax credit is computed shall be determined at the  
20 entity level. Distribution and share of credit shall be  
21 determined pursuant to section 704 of the Internal Revenue Code.



1        (c) The amount of the tax credit shall be equal to no more  
2 than seventy-five per cent of the actual costs of the taxpayer,  
3 up to a maximum of \$3,000.

4        There shall be allowed a maximum of one tax credit claimed  
5 by a taxpayer under this section for each tax map key on which  
6 the bed and breakfast is located; provided that a taxpayer  
7 claiming a tax credit under this section shall not be allowed to  
8 claim a tax credit under section 235-A for the same actual costs  
9 incurred.

10       (d) The director of taxation:

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

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

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

18       (e) If the tax credit under this section exceeds the  
19 taxpayer's income tax liability, the excess of the credit over  
20 liability may be used as a credit against the taxpayer's income  
21 tax liability in subsequent years until exhausted. All claims



1 for the tax credit under this section, including amended claims,  
2 shall be filed on or before the end of the twelfth month  
3 following the close of the taxable year for which the credit may  
4 be claimed. Failure to comply with the foregoing provision  
5 shall constitute a waiver of the right to claim the credit.

6 (f) This section shall not apply to taxable years  
7 beginning after December 31, 2022.

8 (g) As used in this section:

9 "Actual costs" means the costs of construction and  
10 renovation that are necessary and directly incurred by the  
11 taxpayer to meet the housing visitability standards.

12 "Housing visitability standards" are minimum standards to  
13 provide accessibility and safety for individuals with  
14 disabilities when visiting or using residential space, including  
15 the following:

16 (1) At least one zero-step entrance into a home, on an  
17 accessible route leading from a driveway or public  
18 sidewalk;

19 (2) Interior doors with at least thirty-two inches of  
20 clear passage space through which a wheelchair may be  
21 navigated;



- 1        (3) At least one wheelchair-accessible full bathroom on
- 2            the main floor of the home that is large enough for a
- 3            person to access in a wheelchair and close the
- 4            bathroom door from inside the bathroom;
- 5        (4) At least one accessible bedroom on the main floor of
- 6            the home;
- 7        (5) Hallways with at least thirty-six inches of clear
- 8            passage to allow maneuvering space for a wheelchair;
- 9        (6) Light switches and electrical outlets that are
- 10           accessible to a person using a wheelchair; and
- 11        (7) Smoke detectors that permit both visible and audible
- 12           detection of an alarm."

13        SECTION 2. In codifying the new sections added by section  
14 1 of this Act, the revisor of statutes shall substitute  
15 appropriate section numbers for the letters used in designating  
16 the new sections in this Act.

17        SECTION 3. New statutory material is underscored.

18        SECTION 4. This Act, upon its approval, shall apply to  
19 taxable years beginning after December 31, 2018.



**Report Title:**

Residential Housing; Visitability Standards; Income Tax Credit

**Description:**

Establishes an income tax credit for the actual costs of construction and renovation of a residential housing property or a bed and breakfast that complies with residential housing visitability standards. Applies to taxable years beginning after 12/31/2018. (SD1)

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

