

JAN 24 2018

A BILL FOR AN ACT

RELATING TO TAXATION.

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 "Consumer price index" means the Honolulu Region Consumer
7 Price Index for All Urban Consumers published by the United
8 States Department of Labor or a successor index.

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

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



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

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

19 (c) Each taxpayer [~~with an adjusted gross income of less~~
20 ~~than \$30,000~~] who has paid more than \$1,000 in rent during the
21 taxable year for which the credit is claimed may claim a tax



1 credit [~~of \$50~~] multiplied by the number of qualified exemptions
 2 to which the taxpayer is entitled[+] in accordance with the
 3 following:

4 (1) Taxpayer filing a single return or a married person
 5 filing separately:

6	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
7	<u>Not over \$18,750</u>	<u>\$150</u>
8	<u>Over \$18,750 but</u>	
9	<u>not over \$28,125</u>	<u>\$100</u>
10	<u>Over \$28,125 but</u>	
11	<u>not over \$37,500</u>	<u>\$50.</u>

12 (2) Taxpayer filing as head of household:

13	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
14	<u>Not over \$28,125</u>	<u>\$150</u>
15	<u>Over \$28,125 but</u>	
16	<u>not over \$42,188</u>	<u>\$100</u>
17	<u>Over \$42,188 but</u>	
18	<u>not over \$56,250</u>	<u>\$50.</u>

19 (3) Taxpayer filing a joint return pursuant to section
 20 235-93 or a surviving spouse:

21	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
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1	<u>Under \$37,500</u>	<u>\$150</u>
2	<u>Over \$37,500 but</u>	
3	<u>not over \$56,250</u>	<u>\$100</u>
4	<u>Over \$56,250 but</u>	
5	<u>not over \$75,000</u>	<u>\$50;</u>

6 provided that each taxpayer sixty-five years of age or over may
7 claim double the tax credit; [~~and~~] provided further that a
8 resident individual who has no income or no income taxable under
9 this chapter may also claim the tax credit as set forth in this
10 section.

11 (d) For each taxable year beginning after December 31,
12 2019, each dollar amount contained in subsection (c) shall be
13 increased by an amount equal to that dollar amount, multiplied
14 by the percentage, if any, by which the consumer price index for
15 the preceding calendar year exceeds the consumer price index for
16 the second preceding calendar year.

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



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

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

19 [~~(g)~~] (h) All [~~of the provisions~~] sections relating to
20 assessments and refunds under this chapter and under section
21 231-23(c)(1) shall apply to the tax credits hereunder.



1 ~~[(h)]~~ (i) Claims for tax credits under this section,
2 including any amended claims thereof, shall be filed on or
3 before the end of the twelfth month following the taxable year
4 for which the credit may be claimed."

5 SECTION 2. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 3. This Act, upon its approval, shall apply to
8 taxable years beginning after December 31, 2017.

INTRODUCED BY:

853



S.B. NO. 2856

Report Title:

Tax Credits; Low-Income Household Renters; Consumer Price Index

Description:

Amends the income tax credit for low-income household renters claimed by qualified taxpayers depending on the taxpayer's status and adjusted gross income. Uses the consumer price index to adjust the amount of tax credit claimed by a taxpayer.

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