
A BILL FOR AN ACT

RELATING TO TAXATION.

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

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

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

[~~(1)~~] "Adjusted gross income" [~~is defined by section 235-1.~~] means adjusted gross income as defined by the Internal Revenue Code.

"Consumer price index" means the Honolulu Region Consumer Price Index for All Urban Consumers, All Items as published by the United States Bureau of Labor Statistics, or any successor index.

[~~(2)~~] "Qualified exemption" includes those exemptions permitted under this chapter; provided that a person for whom exemption is claimed has physically resided in the State for more than nine months during the taxable year; [~~and~~] provided further that multiple [~~exemption~~] exemptions shall not be



1 granted because of deficiencies in vision, hearing, or other
2 disability.

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

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



1 tax credit under this section against the resident taxpayer's
2 Hawaii state individual net income tax.

3 (c) Each taxpayer [~~with an adjusted gross income of less~~
4 ~~than \$30,000~~] who has paid more than \$1,000 in rent during the
5 taxable year for which the credit is claimed may claim a tax
6 credit [~~of \$50~~] multiplied by the number of qualified exemptions
7 to which the taxpayer is entitled[+] in accordance with the
8 following:

9 (1) Taxpayer filing a single return or a married person
10 filing separately:

11	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
12	<u>Not over \$18,750</u>	<u>\$150</u>
13	<u>Over \$18,750 but</u>	
14	<u>not over \$28,125</u>	<u>\$100</u>
15	<u>Over \$28,125 but</u>	
16	<u>not over \$37,500</u>	<u>\$50.</u>

17 (2) Taxpayer filing as head of household:

18	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
19	<u>Not over \$28,125</u>	<u>\$150</u>
20	<u>Over \$28,125 but</u>	
21	<u>not over \$42,188</u>	<u>\$100</u>



1 Over \$42,188 but

2 not over \$56,250 \$50.

3 (3) Taxpayer filing a joint return pursuant to section

4 235-93 or a surviving spouse:

5 Adjusted gross income Credit per exemption

6 Under \$37,500 \$150

7 Over \$37,500 but

8 not over \$56,250 \$100

9 Over \$56,250 but

10 not over \$75,000 \$50;

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

16 (d) For each taxable year beginning after December 31,
17 2020, each dollar amount contained in subsection (c) shall be
18 increased by the percentage increase, if any, by which the
19 consumer price index for the preceding calendar year exceeds the
20 consumer price index for calendar year 2019. The result of such



1 increase shall be rounded to the nearest dollar, and in no event
2 shall the amount decrease from the previous calendar year.

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

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



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

5 [~~(g)~~] (h) All [~~of the provisions~~] sections relating to
6 assessments and refunds under this chapter and under section
7 231-23(c)(1) shall apply to the tax credits hereunder.

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

12 SECTION 2. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

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

16



Report Title:

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

Description:

Amends the income tax credit for low-income household renters that may be 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 that may be claimed by a taxpayer. (SD1)

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

