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# A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1           SECTION 1. The legislature finds that homelessness is a  
2 serious problem in Hawai'i, due in part to the high cost of  
3 housing in the State. Since 1977, the State has made tax  
4 credits available in order to assist eligible renters through  
5 the income tax credit for low-income household renters. The  
6 legislature finds that this tax credit is the third most  
7 commonly used among Hawai'i residents. The income eligibility  
8 threshold was last adjusted in 1989 and the credit amount  
9 allowed was last adjusted in 1981. Since 1989, the cost of  
10 housing has increased by three-hundred ninety per cent.  
11 Therefore it is time to adjust the eligibility requirements for  
12 renters.

13           The purpose of this Act is to adjust the eligibility  
14 requirements for renters under the income tax credit for low-  
15 income household renters by:



1 (1) Setting the tax credit amount based on adjusted gross  
2 income up to \$80,000 and filing status, for a maximum  
3 credit of \$150; and

4 (2) Automatically adjusting the tax credit in future years  
5 according to increases in the consumer price index.

6 SECTION 2. Section 235-55.7, Hawaii Revised Statutes, is  
7 amended by amending subsection (c) to read as follows:

8 "(c) Each taxpayer [~~with an adjusted gross income of less~~  
9 ~~than \$50,000~~] who has paid more than \$1,000 in rent during the  
10 taxable year for which the credit is claimed may claim a tax  
11 credit [~~of \$50~~] multiplied by the number of qualified exemptions  
12 to which the taxpayer is entitled[+] in accordance with the  
13 table below; provided each taxpayer sixty-five years of age or  
14 over may claim double the tax credit; and provided that a  
15 resident individual who has no income or no income taxable under  
16 this chapter may also claim the tax credit as set forth in this  
17 section.

18	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
19	<u>for taxpayers filing</u>	
20	<u>a single return or married</u>	
21	<u>individuals filing</u>	



1	<u>separate returns</u>	
2	<u>Under \$20,000</u>	<u>\$150</u>
3	<u>\$20,000 under \$30,000</u>	<u>\$100</u>
4	<u>\$30,000 under \$40,000</u>	<u>\$ 50</u>
5	<u>\$40,000 and over</u>	<u>\$ 0.</u>
6		
7	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
8	<u>for taxpayers filing as</u>	
9	<u>head of household</u>	
10	<u>Under \$30,000</u>	<u>\$150</u>
11	<u>\$30,000 under \$45,000</u>	<u>\$100</u>
12	<u>\$45,000 under \$60,000</u>	<u>\$ 50</u>
13	<u>\$60,000 and over</u>	<u>\$ 0.</u>
14		
15	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
16	<u>for taxpayers filing a</u>	
17	<u>married filing joint</u>	
18	<u>return and surviving</u>	
19	<u>spouses</u>	
20	<u>Under \$40,000</u>	<u>\$150</u>
21	<u>\$40,000 under \$60,000</u>	<u>\$100</u>



1           \$60,000 under \$80,000                                 \$ 50  
 2           \$80,000 and over   \$ 0."

3 Effective January 1, 2021, and every five years thereafter, the  
 4 department shall adjust the amount of the credit per exemption  
 5 by the average percentage change for the five-year period from  
 6 the immediately preceding five-year period in the consumer price  
 7 index for all urban consumers published by the United State  
 8 Department of Labor.

9           SECTION 3. Statutory material to be repealed is bracketed  
 10 and stricken. New statutory material is underscored.

11           SECTION 4. This Act shall take effect on July 1, 2025, and  
 12 shall apply to taxable years beginning after December 31, 2020.



**Report Title:**

Income Tax Credit for Low-income Household Renters; Adjustments

**Description:**

Adjusts the amount of the income tax credit for low-income household renters based on adjusted gross income and taxpayer filing status and provides for automatic adjustments to the tax credit based on the consumer price index. Take effect on 7/1/2025. (HD1)

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