
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. The
5 legislature finds that this tax credit is the third most
6 commonly used among Hawai'i residents. The income eligibility
7 threshold was last adjusted in 1989 and the credit amount
8 allowed was last adjusted in 1981. Since 1989, the cost of
9 housing has increased by three-hundred ninety per cent.
10 Therefore, it is time to adjust the eligibility requirements for
11 renters.

12 The purpose of this Act is to adjust the eligibility
13 requirements under the income tax credit for low-income
14 household renters and to increase the amount of the tax credit
15 by creating tax brackets that will phase out the credit as the
16 taxpayer's income rises; using categories of different types of



1 households; and increasing the amount of the credit annually
2 using a percentage based on the consumer price index.

3 SECTION 2. Section 235-55.7, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "§235-55.7 Income tax credit for low-income household
6 renters. (a) As used in this section:

7 [~~1~~] "Adjusted gross income" is defined by section 235-1.

8 "Consumer price index" means the urban Hawaii consumer
9 price index for all urban consumers published by the United
10 States Department of Labor or a successor index.

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

17 [~~3~~] "Rent" means the amount paid in cash in any taxable
18 year for the occupancy of a dwelling place [~~which~~] that is used
19 by a resident taxpayer or the resident taxpayer's immediate
20 family as the principal residence in this State. Rent is
21 limited to the amount paid for the occupancy of the dwelling



1 place only, and is exclusive of charges for utilities, parking
2 stalls, storage of goods, yard services, furniture, furnishings,
3 and the like. Rent shall not include any rental claimed as a
4 deduction from gross income or adjusted gross income for income
5 tax purposes, any ground rental paid for use of land only, and
6 any rent allowance or subsidies received.

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

16 (c) Each taxpayer [~~with an adjusted gross income of less~~
17 ~~than \$30,000~~] who has paid more than \$1,000 in rent during the
18 taxable year for which the credit is claimed may claim a tax
19 credit [~~of \$50~~] multiplied by the number of qualified exemptions
20 to which the taxpayer is entitled[+] in accordance with the
21 table below; provided that each taxpayer sixty-five years of age



1 or over may claim double the tax credit; and provided further
2 that a resident individual who has no income or no income
3 taxable under this chapter may also claim the tax credit as set
4 forth in this section.

5 Adjusted gross income Credit per exemption
6 for taxpayers filing
7 a single return or married
8 individuals filing
9 separate returns

10	<u>Under \$20,000</u>	<u>\$200</u>
11	<u>\$20,000 under \$30,000</u>	<u>\$150</u>
12	<u>\$30,000 under \$40,000</u>	<u>\$100</u>
13	<u>\$40,000 and over</u>	<u>\$ 0</u>

14 Adjusted gross income Credit per exemption
15 heads of household

16	<u>Under \$30,000</u>	<u>\$200</u>
17	<u>\$30,000 under \$45,000</u>	<u>\$150</u>
18	<u>\$45,000 under \$60,000</u>	<u>\$100</u>
19	<u>\$60,000 and over</u>	<u>\$ 0</u>

20 Adjusted gross income Credit per exemption
21 for taxpayers filing



1 a joint return under
 2 section 235-93 or a
 3 surviving spouse

4	<u>Under \$40,000</u>	<u>\$200</u>
5	<u>\$40,000 under \$60,000</u>	<u>\$150</u>
6	<u>\$60,000 under \$80,000</u>	<u>\$100</u>
7	<u>\$80,000 and over</u>	<u>\$ 0</u>

8 (d) For each taxable year beginning after December 31,
 9 2021, each dollar amount contained in the table in subsection
 10 (c) shall be increased by an amount equal to that dollar amount,
 11 multiplied by the percentage, if any, by which the consumer
 12 price index for July of the preceding calendar year exceeds the
 13 consumer price index for July of 2020, rounded to the nearest
 14 whole dollar amount.

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

19 ~~[(e)]~~ (f) The tax credits shall be deductible from the
 20 taxpayer's individual net income tax for the tax year in which
 21 the credits are properly claimed; provided that a husband and



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

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

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

19 ~~[(h)]~~ (i) Claims for tax credits under this section,
20 including any amended claims thereof, shall be filed on or



1 before the end of the twelfth month following the taxable year
2 for which the credit may be claimed."

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

5 SECTION 4. This Act, upon its approval, shall apply to
6 taxable years beginning after December 31, 2020.

7



Report Title:

Income Tax Credit for Low-income Household Renters; Adjustments

Description:

Increases the amount of the tax credit for individuals and households and the adjusted gross income eligibility cap for the income tax credit for low-income household renters using tax brackets for individuals and different categories of households and providing for annual increases based on the consumer price index. (SD1)

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

