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 to assist eligible renters. The legislature

5   finds that this tax credit is the third most commonly used among

6   Hawai'i residents. The income eligibility threshold was last

7   adjusted in 1989 and the credit amount allowed was last adjusted

8   in 1981. Since 1989, the cost of housing has increased by three

9   hundred ninety per cent. Therefore, it is appropriate to adjust

10   the eligibility requirements for the income tax credit for

11   low-income household 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

H.B. NO. 131

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] exemptions shall not be

16 granted because of deficiencies in vision, hearing, or other

17 disability.

18   [(3)] "Rent" means the amount paid in cash in any taxable

19 year for the occupancy of a dwelling place [which] that is used

20 by a resident taxpayer or the resident taxpayer's immediate

21 family as the principal residence in this State. Rent is

H.B. NO. 131

1 limited to the amount paid for the occupancy of the dwelling

2 place only, and is exclusive of charges for utilities, parking

3 stalls, storage of goods, yard services, furniture, furnishings,

4 and the like. Rent shall not include any rental claimed as a

5 deduction from gross income or adjusted gross income for income

6 tax purposes, any ground rental paid for use of land only, and

7 any rent allowance or subsidies received.

8 (b) Each resident taxpayer who occupies and pays rent for

9 real property within the State as the resident taxpayer's

10 residence or the residence of the resident taxpayer's immediate

11 family [which] that is not partially or wholly exempted from

12 real property tax, who is not eligible to be claimed as a

13 dependent for federal or state income taxes by another, and who

14 files an individual net income tax return for a taxable year,

15 may claim a tax credit under this section against the resident

16 taxpayer's Hawaii state individual net income tax.

17 (c) Each taxpayer [with an adjusted gross income of less

18 than $30,000] who has paid more than $1,000 in rent during the

19 taxable year for which the credit is claimed may claim a tax

20 credit of $50 multiplied by the number of qualified exemptions

21 to which the taxpayer is entitled[,] in accordance with the

H.B. NO. 131

1 table below; provided that each taxpayer sixty-five years of age

2 or over may claim double the tax credit; [and] provided further

3 that a resident individual who has no income or no income

4 taxable under this chapter may also claim the tax credit as set

5 forth in this section.

	Adjusted gross income for taxpayers filing a single return or married individuals filing separate returns	Credit per exemption
6	Adjusted gross income	Credit per exemption
7	for taxpayers filing	
8	a single return or married	
9	individuals filing	
10	separate returns	
11	Under $20,000	$200
12	$20,000 under $30,000	$150
13	$30,000 under $40,000	$100
14	$40,000 and over	$ 0.
15	Adjusted gross income	Credit per exemption
16	for heads of household	
17	Under $30,000	$200
18	$30,000 under $45,000	$150
19	$45,000 under $60,000	$100
20	$60,000 and over	$ 0.
21	Adjusted gross income	Credit per exemption

H.B. NO. 131

for taxpayers filing	
a joint return under	
section 235-93 or a	
surviving spouse	
Under $40,000	$200
$40,000 under $60,000	$150
$60,000 under $80,000	$100
$80,000 and over	$ 0.

9   (d) For each taxable year beginning after December 31,

10 2022, each dollar amount contained in the table in subsection

11 (c) shall be increased by an amount equal to that dollar amount,

12 multiplied by the percentage, if any, by which the consumer

13 price index for June of the preceding calendar year exceeds the

14 consumer price index for June of 2021, rounded to the nearest

15 whole dollar amount.

16   [(d)] (e) If a rental unit is occupied by two or more

17 individuals, and more than one individual is able to qualify as

18 a claimant, the claim for credit shall be based upon a pro rata

19 share of the rent paid.

20   [(e)] (f) The tax credits shall be deductible from the

21 taxpayer's individual net income tax for the tax year in which

H.B. NO. 131

1 the credits are properly claimed; provided that a husband and

2 wife filing separate returns for a taxable year for which a

3 joint return could have been made by them shall claim only the

4 tax credits to which they would have been entitled had a joint

5 return been filed. In the event the allowed tax credits exceed

6 the amount of the income tax payments due from the taxpayer, the

7 excess of credits over payments due shall be refunded to the

8 taxpayer; provided that allowed tax credits properly claimed by

9 an individual who has no income tax liability shall be paid to

10 the individual; [and] provided further that no refunds or

11 payments on account of the tax credits allowed by this section

12 shall be made for amounts less than $1.

13   [(f)] (g) The director of taxation shall prepare and

14 prescribe the appropriate form or forms to be used herein, may

15 require proof of the claim for tax credits, and may adopt rules

16 pursuant to chapter 91.

17   [(g)] (h) All of the provisions relating to assessments

18 and refunds under this chapter and under section 231-23(c)(1)

19 shall apply to the tax credits hereunder.

20   [(h)] (i) Claims for tax credits under this section,

21 including any amended claims [thereof], shall be filed on or

H.B. NO. 131

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

                INTRODUCED BY: _____

JAN 2 1 2021

H.B. NO. 131

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.

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

2021-0283 HB SMA.doc