
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to part I to be appropriately
3 designated and to read as follows:

4 "§235- Whole house water filter system; income tax
5 credit. (a) There shall be allowed to each taxpayer subject to
6 the tax imposed under this chapter, a whole house water filter
7 system income tax credit that shall be deductible from the
8 taxpayer's net income tax liability, if any, imposed by this
9 chapter for the taxable year in which the credit is properly
10 claimed.

11 (b) In the case of a partnership, S corporation, estate,
12 or trust, the tax credit allowable is for qualified expenses
13 incurred by the entity for the taxable year. The expenses upon
14 which the tax credit is computed shall be determined at the
15 entity level. Distribution and share of credit shall be
16 determined by rule.



1 (c) The whole house water filter system income tax credit
2 shall be equal to per cent of the qualified expenses of
3 the taxpayer.

4 (d) The total amount of tax credits allowed under this
5 section shall not exceed \$5,000,000 for all taxpayers in any
6 taxable year; provided that any taxpayer who is not eligible to
7 claim the credit in a taxable year due to the \$5,000,000 cap
8 having been exceeded for that taxable year shall be eligible to
9 claim the credit in the subsequent taxable year.

10 (e) The director of taxation:

11 (1) Shall prepare any forms that may be necessary to claim
12 a tax credit under this section;

13 (2) May require the taxpayer to furnish reasonable
14 information to ascertain the validity of the claim for
15 the tax credit made under this section; and

16 (3) May adopt rules under chapter 91 necessary to
17 effectuate the purposes of this section.

18 (f) The credit allowed under this section shall be claimed
19 against the net income tax liability for the taxable year. If
20 the tax credit claimed by the taxpayer under this section
21 exceeds the amount of the income tax payments due from the



1 taxpayer, the excess of credit over payments due shall be
2 refunded to the taxpayer; provided that the tax credit properly
3 claimed by a taxpayer who has no income tax liability shall be
4 paid to the taxpayer; and provided that no refunds or payments
5 on account of the tax credit allowed by this section shall be
6 made for amounts less than \$1. All claims, including amended
7 claims, for a tax credit under this section shall be filed on or
8 before the end of the twelfth month following the close of the
9 taxable year for which the credit may be claimed. Failure to
10 comply with the foregoing provision shall constitute a waiver of
11 the right to claim the credit.

12 (g) For the purposes of this section:

13 "Qualified expenses" means costs that are necessary and
14 directly incurred by the taxpayer for the purchase and
15 installation of a whole house water filter system.

16 "Whole house water filter system", also known as a "point-
17 of-entry system", means a filtration system that is installed
18 where the main water line enters a home and removes impurities
19 and contaminants from all of the water that is distributed
20 throughout the home."

21 SECTION 2. New statutory material is underscored.

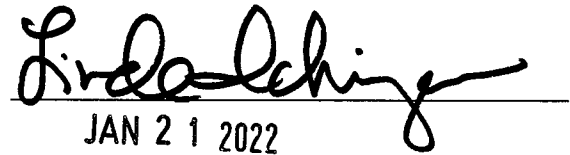


H.B. NO. 1709

1 SECTION 3. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2021.

3

INTRODUCED BY:


JAN 21 2022



H.B. NO. 1709

Report Title:

Whole House Water Filter System; Income Tax Credit

Description:

Establishes an income tax credit for taxpayers who purchase and install a whole house water filter system.

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