
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 nonrefundable whole house
7 water filter system income tax credit that shall be deductible
8 from the taxpayer's net income tax liability, if any, imposed by
9 this chapter for the taxable year in which the credit is
10 properly claimed.
11 (b) In the case of a partnership, S corporation, estate,
12 or trust, the tax credit allowed shall be 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 equal per cent of the taxpayer's qualified expenses.

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

9 (e) The director of taxation:

10 (1) Shall prepare any forms necessary to claim a tax
11 credit under this section;

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

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

17 (f) The credit allowed under this section shall be claimed
18 against the net income tax liability for the taxable year. If
19 the tax credit under this section exceeds the taxpayer's income
20 tax liability, the excess of the tax credit over liability may
21 be used as a credit against the taxpayer's net income tax



1 liability in subsequent years until exhausted. All claims,
2 including amended claims, for a tax credit under this section
3 shall be filed on or before the end of the twelfth month
4 following the close of the taxable year for which the credit may
5 be claimed. Failure to comply with the foregoing provision
6 shall constitute a waiver of the right to claim the credit.

7 (g) For the purposes of this section:

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

11 "Whole house water filter system" means a filtration system
12 that is installed where the main water line enters a home and
13 removes impurities and contaminants from all water distributed
14 throughout the home."

15 SECTION 2. New statutory material is underscored.

16 SECTION 3. This Act shall take effect on July 1, 3000, and
17 shall apply to taxable years beginning after December 31, 2022.



Report Title:

Whole House Water Filter Systems; Income Tax Credits

Description:

Establishes a nonrefundable income tax credit for taxpayers who purchase and install a whole house water filter system. Effective 7/1/3000. (HD1)

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