
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds the State of Hawaii is
2 experiencing a growing mental health and housing crisis. In the
3 aftermath of the August 8, 2023, wildfires on Maui, these
4 concerns are increasingly more prevalent. This is because an
5 estimated two thousand two hundred homes, apartments, and
6 structures were destroyed, displacing thousands and leading to
7 what has been termed a dire mental health crisis.

8 The legislature additionally finds that the State's mental
9 health and housing concerns may be addressed through support
10 dedicated to human-animal companionship. To this end, human-
11 animal companionship has been linked to a reduction of feelings
12 of stress, anxiety, depression, and loneliness. In addition to
13 this, human-animal companionship has also been known to improve
14 cardiovascular and heart health as well as immune system
15 functioning. These combined benefits have led pet owners to go
16 to the doctor an estimated fifteen per cent less than non-pet
17 owners.



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1 Beyond these mental health benefits, the legislature finds
2 that many people have historically chosen to live in a shelter
3 or low-income housing as these are often the only affordable
4 options that will allow them to remain with their pet.
5 Additionally, with as many as twenty-five per cent of homeless
6 persons owning pets, Hawaii's lack of pet-friendly housing
7 continues to be an obstacle for the reduction of the State's
8 homeless population. Support for housing that encourages human-
9 animal companionship would further benefit the State as it would
10 reduce costs occurred due to the financial support that is
11 dedicated to the care of pets that are surrendered and abandoned
12 due to a lack of pet friendly housing.

13 The purpose of this Act is to establish a non-refundable
14 income tax credit for residential landlords for each unit they
15 rent to a tenant with a pet.

16 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:

19 "§235- Tenant pet tax credit. (a) There shall be
20 allowed to each taxpayer subject to the tax imposed under this
21 chapter, a tenant pet income tax credit that shall be deductible



1 from the taxpayer's net income tax liability, if any, imposed by
2 this chapter for the taxable year in which the credit is
3 properly claimed.

4 (b) In the case of a partnership, S corporation, estate,
5 or trust, the tax credit allowable is for qualified expenses
6 incurred by the entity for the taxable year. The expenses upon
7 which the tax credit is computed shall be determined at the
8 entity level. Distribution and share of credit shall be
9 determined by rule.

10 (c) The tenant pet tax credit shall be equal to
11 \$ _____ for any unit rented by a qualified taxpayer to a
12 tenant that has a pet occupy the rental unit; provided that the
13 rental lease agreement is for a minimum of six months.

14 (d) The director of taxation:

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

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

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



1 (e) If the tax credit claimed by the taxpayer under this
2 section exceeds the taxpayer's income tax liability, the excess
3 of the credit over liability may be used as a credit against the
4 taxpayer's income tax liability in subsequent years until
5 exhausted.

6 All claims for the tax credit under this section, including
7 amended claims, shall be filed on or before the end of the
8 twelfth month following the close of the taxable year for which
9 the credit may be claimed. Failure to comply with the foregoing
10 provision shall constitute a waiver of the right to claim the
11 credit.

12 (f) As used in this section:

13 "Pet" means a "pet animal" as that term is defined in
14 section 711-1100.

15 "Qualified taxpayer" means all landlords who lease any unit
16 for at least six months during the taxable year to a tenant."

17 SECTION 3. New statutory material is underscored.

18 SECTION 4. This Act, upon its approval, shall apply to
19 taxable years beginning after December 31, 2023.



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INTRODUCED BY:

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JAN 22 2024



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Report Title:

Tenant Pet Tax Credit; Residential Landlords; Department of Taxation

Description:

Establishes a non-refundable income tax credit for residential landlords who lease a unit to a tenant with a pet for at least six months.

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