
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 be appropriately designated
3 and to read as follows:

4 "§235- Landlord low-income tenant tax credit. (a)

5 There shall be allowed to each taxpayer subject to the tax
6 imposed under this chapter, a landlord low-income tenant tax
7 credit that shall be deductible from the taxpayer's net income
8 tax liability, if any, imposed by this chapter for the taxable
9 year in which the credit is properly claimed.

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

16 (c) The landlord low-income tenant tax credit shall be
17 equal to fifty per cent of the difference between the annual



1 lease rent collected and the annual appraised fair market rental
2 value of the unit as determined by a licensed appraiser;
3 provided that the credit shall not be available to units with an
4 appraised property value exceeding \$2,000,000.

5 (d) The director of taxation:

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

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

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

13 (e) If the tax credit claimed by the taxpayer under this
14 section exceeds the amount of the income tax payments due from
15 the taxpayer, the excess of credit over payments due shall be
16 refunded to the taxpayer; provided that the tax credit properly
17 claimed by a taxpayer who has no income tax liability shall be
18 paid to the taxpayer; and provided further that no refunds or
19 payments on account of the tax credit allowed by this section
20 shall be made for amounts less than \$1.



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

7 (f) As used in this section:

8 "Eligible tenant" means a family or an individual whose
9 income does not exceed eighty per cent of the area median income
10 as determined by the United States Department of Housing and
11 Urban Development.

12 "Qualified unit" means a housing unit that was not
13 developed as, and is not considered to be, an affordable housing
14 unit.

15 "Qualifying taxpayer" means a landlord who leases a
16 qualified unit for at least six months during the taxable year
17 to eligible tenants."

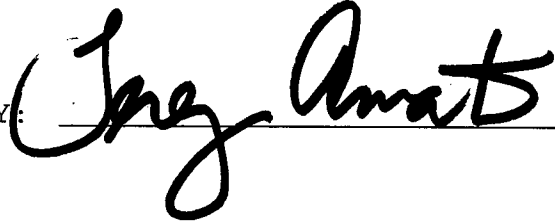
18 SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2022.

3

INTRODUCED BY:



JAN 24 2023



H.B. NO. 1225

Report Title:

Income Tax; Landlord Low-Income Tenant Tax Credit

Description:

Establishes a landlord low-income tenant tax credit.

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