

JAN 17 2025

A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The legislature finds that housing
2 affordability has reached critical levels in many areas,
3 disproportionately impacting working families, seniors, and
4 vulnerable populations. Rising rental costs outpace income
5 growth, placing substantial financial strain on households and
6 contributing to housing insecurity and homelessness.

7 The legislature further finds that rent stabilization
8 policies have been successfully implemented in other
9 jurisdictions, such as California and Oregon, to curb excessive
10 rental increases while maintaining incentives for property
11 owners. Studies show these measures can mitigate displacement,
12 preserve community stability, and promote equitable housing
13 opportunities.

14 The legislature additionally finds that by empowering
15 counties to regulate rental price increases based on
16 transparent, data-driven metrics, such as the Consumer Price
17 Index for rent of primary residences, the growing housing crisis



1 can be addressed in a way that balances tenant protections with
2 the rights of landlords, fostering a fair and sustainable rental
3 housing market. Furthermore, encouraging landlords to offer
4 stable, affordable housing options through long-term leases will
5 help ensure security for tenants and financial predictability
6 for landlords. The legislature believes that by combining these
7 measures, the State can create a housing environment that
8 supports economic stability, community well-being, and a
9 thriving rental market.

10 Accordingly, the purpose of this Act is to:

- 11 (1) Authorize each county to establish by ordinances a
12 rental unit price ceiling that prohibits a landlord
13 from increasing the rental price of a dwelling unit at
14 a rate that exceeds the percentage calculated and
15 published by the county based on changes in the
16 applicable Consumer Price Index; and
- 17 (2) Establish a long-term residential lease tax credit for
18 taxpayers who own and lease a dwelling unit to a
19 person as the person's principal residence in the
20 State pursuant to a lease agreement of a term of one
21 year or longer.



1 SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended
2 by adding a new section to be appropriately designated and to
3 read as follows:

4 **"§46- County rental unit price ceiling; computation.**

5 (a) Beginning , each county may establish by
6 ordinance a rental unit price ceiling that prohibits a landlord
7 from increasing the rental price of a dwelling unit at a rate
8 that exceeds the percentage calculated and published by the
9 county pursuant to subsection (b); provided that the increase in
10 the rental price for each dwelling unit shall be calculated
11 based on the lowest rental price charged for that dwelling unit
12 at any time during the twelve-month period immediately before
13 the effective date of the increase.

14 (b) Beginning August 1, 2025, and every year thereafter,
15 each county shall calculate and publish the maximum rate at
16 which a landlord may increase the rental price of a dwelling
17 unit during the immediately succeeding twelve-month period,
18 computed based on changes in the applicable Consumer Price Index
19 for rent of primary residence, or a successor index, for the
20 twelve-month period immediately before July 1 of that year as
21 reported by the United States Bureau of Labor Statistics;



1 provided that if in any year the change in the Consumer Price
2 Index for rent of primary residence, or a successor index, for
3 the twelve-months period immediately before July 1 of that year
4 is at or lower than zero per cent, the maximum rate of rental
5 price increase for the calendar year shall be zero.

6 (c) For the purposes of this section:

7 "Dwelling unit" and "landlord" have the same meaning as
8 defined in section 521-8.

9 "Rental price" means the amount paid in cash for the
10 occupancy of a dwelling unit that is used by a person as the
11 principal residence in this State. "Rental price" includes
12 charges for utilities, parking stalls, storage of goods, yard
13 services, furniture, and furnishings; provided that the amount
14 or rates to be charged are under the control of the landlord."

15 SECTION 3. Chapter 235, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:

18 "§235- Long-term residential lease tax credit. (a)
19 There shall be allowed to each taxpayer subject to the tax
20 imposed by this chapter, a long-term residential lease tax
21 credit that shall be deductible from the taxpayer's net income



1 tax liability, if any, imposed by this chapter for the taxable
2 year in which the credit is properly claimed.

3 (b) The amount of the credit shall be equal to
4 \$ _____ per dwelling unit to which the taxpayer has title
5 and leases to a person as the person's principal residence in
6 the State; provided that:

7 (1) The lease shall be pursuant to a lease agreement of a
8 term of one year or longer; and

9 (2) The dwelling unit is located in a county that has
10 adopted a rental unit price ceiling ordinance pursuant
11 to section 46- .

12 In the case of a partnership, S corporation, estate, trust,
13 or other pass-through entity, the tax credit allowable is for
14 every dwelling unit to which the entity has title and leases to
15 a person pursuant to this subsection. The tax credit shall be
16 determined at the entity level. Distribution and share of the
17 tax credit shall be determined pursuant to administrative rule.

18 (c) If the tax credit claimed by the taxpayer under this
19 section exceeds the amount of the income tax payments due from
20 the taxpayer, the excess of credit over payments due shall be
21 refunded to the taxpayer; provided that the tax credit properly



1 claimed by a taxpayer who has no income tax liability shall be
2 paid to the taxpayer; provided further that no refunds or
3 payments on account of the tax credit allowed by this section
4 shall be made for amounts less than \$1.

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.

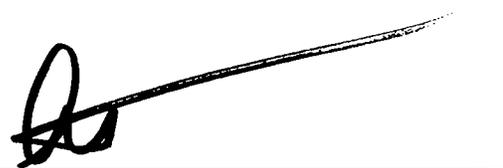
13 (e) For the purposes of this section, "dwelling unit" has
14 the same meaning as defined in section 521-8."

15 SECTION 4. New statutory material is underscored.

16 SECTION 5. This Act shall take effect upon its approval;
17 provided that section 3 shall apply to taxable years beginning
18 after December 31, 2024.

19

INTRODUCED BY:



S.B. NO. 1133

Report Title:

Counties; Ordinance; Rental Unit Price Control; Income Tax Credit; Residential Landlords; Long-Term Lease

Description:

Authorizes each county to establish by ordinances a rental unit price control that prohibits a landlord from increasing the rental price of a dwelling unit at a rate that exceeds the percentage calculated and published by the county based on changes in the applicable Consumer Price Index. Beginning 8/1/2025, requires each county to annually calculate and publish the maximum rate at which a landlord may increase the rental price of a dwelling unit during the immediately succeeding twelve-month period. Establishes a Long-Term Residential Lease Tax Credit for taxpayers who own and lease a dwelling unit located in a county that has adopted a rental unit price ceiling ordinance to a person as the person's principal residence in the State pursuant to a lease agreement of a term of one year or longer. Tax credit applies to taxable years beginning after 12/31/2024.

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