
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 many tenants were
15 displaced by predatory rent increases following the 2023 Maui
16 wildfires. Regulating rental price increases based on
17 transparent, data-driven metrics, such as the Consumer Price



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

12 Accordingly, the purpose of this Act is to:

13 (1) Authorize a county in which over one per cent of
14 housing stock was destroyed or rendered uninhabitable
15 by a disaster to establish by ordinance a rental unit
16 price ceiling that prohibits a landlord from
17 increasing the rental price of a dwelling unit at a
18 rate that exceeds the percentage calculated and
19 published by the county based on changes in the
20 applicable Consumer Price Index; and



1 (2) Establish a long-term residential lease tax credit for
 2 taxpayers who own and lease a dwelling unit to a
 3 person as the person's principal residence in a county
 4 that has adopted such an ordinance, pursuant to a
 5 lease agreement of a term of one year or longer.

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

9 **"§46- County rental unit price ceiling; computation.**

10 (a) Beginning _____, a county in which over one per cent
 11 of housing stock was destroyed or rendered uninhabitable by a
 12 disaster may establish by ordinance a rental unit price ceiling
 13 that prohibits a landlord from increasing the rental price of a
 14 dwelling unit at a rate that exceeds the percentage calculated
 15 and published by the county pursuant to subsection (b); provided
 16 that the increase in the rental price for each dwelling unit
 17 shall be calculated based on the lowest rental price charged for
 18 that dwelling unit at any time during the twelve-month period
 19 immediately before the effective date of the increase.

20 (b) Beginning August 1, 2025, and every year thereafter, a
 21 county that has adopted an ordinance pursuant to subsection (a)



1 shall calculate and publish the maximum rate at which a landlord
2 may increase the rental price of a dwelling unit during the
3 immediately succeeding twelve-month period, computed based on
4 changes in the applicable Consumer Price Index for rent of
5 primary residence, or a successor index, for the twelve-month
6 period immediately before July 1 of that year as reported by the
7 United States Bureau of Labor Statistics; provided that, if in
8 any year the change in the Consumer Price Index for rent of
9 primary residence, or a successor index, for the twelve-months
10 period immediately before July 1 of that year is at or lower
11 than zero per cent, the maximum rate of rental price increase
12 for the calendar year shall be zero.

13 (c) For the purposes of this section:

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

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



1 SECTION 3. 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- Long-term residential lease tax credit. (a)

5 There shall be allowed to each taxpayer subject to the tax
6 imposed by this chapter, a long-term residential lease 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) The amount of the credit shall be equal to
11 \$ per dwelling unit to which the taxpayer has title
12 and leases to a person as the person's principal residence;
13 provided that:

14 (1) The lease shall be pursuant to a lease agreement of a
15 term of one year or longer;

16 (2) The dwelling unit is located in a county that has
17 adopted a rental unit price ceiling ordinance pursuant
18 to section 46- ; and

19 (3) The lessee shall not be an immediate family member of
20 any taxpayer that owns the dwelling unit;



1 provided further that if a dwelling unit is owned by multiple
2 taxpayers, the tax credit may be claimed by only one of the
3 taxpayers in a taxable year.

4 In the case of a partnership, S corporation, estate, trust,
5 or other pass-through entity, the tax credit allowable is for
6 every dwelling unit to which the entity has title and leases to
7 a person pursuant to this subsection. The tax credit shall be
8 determined at the entity level. Distribution and share of the
9 tax credit shall be determined pursuant to administrative rule.

10 (c) If the tax credit claimed by the taxpayer under this
11 section exceeds the taxpayer's income tax liability, the excess
12 credit over liability may be used as a credit against the
13 taxpayer's income tax liability in subsequent years until
14 exhausted; provided that no credit shall be carried forward
15 after the third taxable year in which the credit is originally
16 claimed. All claims for the tax credit under this section,
17 including any amended claims, shall be filed on or before the
18 end of the twelfth month following the close of the taxable year
19 for which the credit may be claimed. Failure to comply with the
20 foregoing provision shall constitute a waiver of any claim to
21 the credit.



- 1 (d) The director of taxation:
- 2 (1) Shall prepare any forms that may be necessary to claim
- 3 a tax credit under this section;
- 4 (2) May require the taxpayer to furnish reasonable
- 5 information to ascertain the validity of the claim for
- 6 the tax credit made under this section; and
- 7 (3) May adopt rules under chapter 91 necessary to
- 8 effectuate the purposes of this section.
- 9 (e) For the purposes of this section, "dwelling unit" has
- 10 the same meaning as defined in section 521-8."

11 SECTION 4. New statutory material is underscored.

12 SECTION 5. This Act shall take effect on July 1, 2050;

13 provided that section 3 shall apply to taxable years beginning

14 after December 31, 2025.



Report Title:

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

Description:

Authorizes certain counties to establish a rental unit price ceiling ordinance 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 certain counties 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 nonrefundable 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. Allows the tax credit to be carried forward for up to three taxable years. Applies to taxable years beginning after 12/31/2025. Effective 7/1/2050. (SD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

