

JAN 17 2025

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 235-110.8, Hawaii Revised Statutes, is
2 amended by amending subsection (i) to read as follows:

3 "(i) The credit allowed under this section shall be
4 claimed against net income tax liability for the taxable year.
5 For the purpose of deducting this tax credit, net income tax
6 liability means net income tax liability reduced by all other
7 credits allowed the taxpayer under this chapter.

8 A tax credit under this section that exceeds the taxpayer's
9 income tax liability for a taxable year may be used as a credit
10 against the taxpayer's income tax liability in subsequent
11 taxable years until the tax credit is exhausted[-]; provided
12 that the credit shall not be available after the tenth
13 subsequent taxable year. All claims for a tax credit under this
14 section shall be filed on or before the end of the twelfth month
15 following the close of the taxable year for which the credit may
16 be claimed and shall include a copy of Form 8609 issued by the
17 corporation with respect to the building; provided that with



1 respect to the first year that the credit is claimed for a
2 qualified low-income housing project, if the taxpayer has not
3 yet received the Form 8609 prior to the time the taxpayer files
4 its original tax return claiming the credit under this section,
5 the taxpayer may claim the credit based upon the amount of
6 credit set forth in the carryover allocation or 42(m) letter, as
7 applicable, issued to the qualified low-income housing project,
8 and upon receipt of the Form 8609, the taxpayer shall:

9 (1) Amend its tax return to include the Form 8609; and

10 (2) If the credit amount in the Form 8609 is different
11 than the amount of credit previously claimed, adjust
12 the credit amount claimed on its amended return.

13 Failure to properly and timely claim the credit shall constitute
14 a waiver of the right to claim the credit. A taxpayer may claim
15 a credit under this section only if the building or project is a
16 qualified low-income housing building or a qualified low-income
17 housing project under section 42 of the Internal Revenue Code.

18 Except as provided under subsection (j)(1), section 469
19 (with respect to passive activity losses and credits limited) of
20 the Internal Revenue Code shall be applied in claiming the
21 credit under this section."



1 SECTION 2. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 3. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act, upon its approval, shall apply to
7 taxable years beginning after December 31, 2024; provided that
8 the amendments made to section 235-110.8, Hawaii Revised
9 Statutes, by section 1 of this Act shall not be repealed when
10 that section is reenacted on December 31, 2027, pursuant to
11 section 4 of Act 129, Session Laws of Hawaii 2016, as amended by
12 section 2 of Act 226, Session Laws of Hawaii 2021.

13

INTRODUCED BY: _____

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S.B. NO. 754

Report Title:

Taxation; Low-Income Housing Tax Credit; Expiration

Description:

Provides that a tax credit for low-income housing that exceeds the taxpayer's income tax liability for a taxable year may be used as a credit against the taxpayer's income tax liability in subsequent taxable years, but not after the tenth subsequent taxable year.

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

