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# A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1           SECTION 1. The legislature finds that condominiums play a  
2 vital role in Hawaii's economy and housing. According to the  
3 department of commerce and consumers affairs, Hawaii had 1,826  
4 condominium associations representing 173,036 units in 2021.  
5 Hundreds of condominium buildings are aged and in need of  
6 repair. Due to deferred maintenance, aged condominium buildings  
7 are rejected by standard insurers and choose insurers on the  
8 secondary market with more expensive premiums.

9           The legislature further finds that recent rate increases  
10 for hurricane insurance policies have caused the condominium  
11 associations to opt for less than full coverage. Because  
12 federally insured lending programs such as Fannie Mae and  
13 Freddie Mac require insurance with one hundred per cent of the  
14 insurable value coverage, people of Hawaii are unable to buy,  
15 sell, or obtain a mortgage for condominium units. Through  
16 incentivizing insurers to provide full coverage to condominiums,  
17 Hawaii residents would have better access to financing when



1 buying a home in the State and gain homeownership in their  
2 communities.

3 The purpose of this Act is to establish tax credits for  
4 insurers providing full property coverage to owners and  
5 associations of condominiums in the amount equal to twenty per  
6 cent of the insurance premium, and to incentivize local insurers  
7 by providing additional ten per cent tax credits.

8 SECTION 2. Chapter 431, Hawaii Revised Statutes, is  
9 amended by adding a new section to be appropriately designated  
10 and to read as follows:

11 **"§431- Tax credit for condominium insurance policies.**

12 (a) Each insurer that provides full property coverage amounting  
13 to one hundred per cent of the insurable value, to specifically  
14 include coverage for windstorm, hurricane, hail, flood, fire and  
15 localized perils, to owners and associations of condominiums as  
16 defined under section 514B-3 within the State, may claim as a  
17 nonrefundable tax credit under this section against the tax  
18 imposed by section 431:7-202. The tax credit shall be an amount  
19 equal to twenty per cent of the insurance premium tax otherwise  
20 due on the premium for the taxable year; and thirty per cent of  
21 the insurance premium tax otherwise due on the premium written



1 by insurers incorporated in the State. The aggregate amount of  
2 all tax credits in any tax year that may be claimed by insurers  
3 pursuant to this section shall not exceed \$50,000.

4 (b) The tax credit under this section is available only to  
5 an insurer licensed or authorized to do business in the State  
6 with respect to a property and casualty insurance policy  
7 providing full coverage as defined in subsection (a).

8 (c) The tax credit allowed under this section for a  
9 taxable year may be claimed only once for any one structure,  
10 regardless of the number of policies written on the structure.

11 (d) An insurer who claims the tax credit under this  
12 section shall provide information required by the commissioner  
13 to demonstrate that the taxpayer is eligible for the tax credit  
14 and that the amount paid for premiums for which the tax credit  
15 is claimed was not excluded from the insurer's gross income for  
16 the taxable year. The commissioner shall establish a process  
17 for which insurers may make an application for a tax credit  
18 certificate to claim any tax credit provided for by this  
19 section. The tax credit certificate issued by the commissioner  
20 shall reserve the appropriate allocation of tax credits for the  
21 insurer to which a certificate is issued. An insurer seeking



1 such certificate for reservation of tax credits for the writing  
2 of a policy pursuant to subsection (a) shall make application to  
3 the commissioner. The commissioner shall review the  
4 applications received and subsequently issue a tax credit  
5 certificate to the insurer reserving the appropriate allocation  
6 of tax credits for the insurer. The commissioner shall reserve  
7 the tax credits provided for by this section in the order in  
8 which the commissioner receives the application for tax credit  
9 certificates, and for the benefit of the appropriate insurer,  
10 provided the application is approved by the commissioner.

11 (e) The commissioner shall prepare the forms necessary to  
12 claim a tax credit under this section, may require proof of the  
13 claim for the tax credit, and may adopt rules pursuant to  
14 chapter 91.

15 (f) All claims for the tax credit under this section,  
16 including any amended claims, must be filed on or before the end  
17 of the twelfth month following the close of the taxable year for  
18 which the tax credit may be claimed. Failure to comply with the  
19 foregoing provision shall constitute a waiver of the right to  
20 claim the tax credit.



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1        (g) The commissioner shall take the action necessary to  
 2 monitor and examine the use of the tax credit claims under this  
 3 section."

4        SECTION 3. New statutory material is underscored.

5        SECTION 4. This Act, upon its approval, shall apply to  
 6 taxable years beginning after December 31, 2025.

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JAN 16 2025



# H.B. NO. 285

**Report Title:**

Condominiums; Insurer; Tax Credit; Minority Caucus Package

**Description:**

Establishes tax credits for insurers providing full property coverage to owners and associations of condominiums in the amount equal to twenty per cent of the insurance premium. Provides additional ten per cent tax credits to insurers incorporated in the State.

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

