

ACT 15

S.B. NO. 3

A Bill for an Act Relating to a Renter's Income Tax Credit.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"Sec. 235- Income tax credit for low-income household renters. (a) As used in this section:

- (1) "Adjusted gross income" is defined by section 235-1.
- (2) "Qualified exemption" includes those exemptions permitted under this chapter; provided that a person for whom exemption is claimed has physically resided in the State for more than nine months during the taxable year; and provided that multiple exemption shall not be granted because of deficiencies in vision, hearing, or other disability.
- (3) "Rent" means the amount paid in cash in any taxable year for the occupancy of a dwelling place which is used by a resident taxpayer or his immediate family as the principal residence in this State. Rent is limited to the amount paid for the occupancy of the dwelling place only, and is exclusive of charges for utilities, parking stalls, storage of goods, yard services, furniture, furnishings, and the like. Rent shall not include any rental claimed as a deduction from gross income or adjusted gross income for income tax purposes, any ground rental paid for use of land only, and any rent allowance or subsidies received.

(b) Each resident taxpayer who occupies and pays rent for real property within the State as his residence or the residence of his immediate family which is not partially or wholly exempted from real property tax, who is not eligible to be claimed as a dependent for federal or state income taxes by another, and who files an individual net income tax return for a taxable year, may claim a tax credit under this section against his Hawaii state individual net income tax.

(c) Each taxpayer with an adjusted gross income of less than \$20,000 who has paid more than \$1,000 in rent during the taxable year for which the credit is claimed may claim a tax credit of \$20 multiplied by the number of qualified

exemptions to which he is entitled; provided each taxpayer sixty-five years of age or over may claim double the tax credit.

(d) If a rental unit is occupied by two or more individuals, and more than one individual is able to qualify as a claimant, the claim for credit shall be based upon a pro rata share of the rent paid.

(e) The tax credits shall be deductible from the taxpayer's individual net income tax for the tax year in which the credits are properly claimed; provided that a husband and wife filing separate returns for a taxable year for which a joint return could have been made by them shall claim only the tax credits to which they would have been entitled had a joint return been filed. In the event the allowed tax credits exceed the amount of the income tax payments due from the taxpayer, the excess of credits over payments due shall be refunded to the taxpayer; provided that allowed tax credits properly claimed by an individual who has no income tax liability shall be paid to the individual; and provided further than no refunds or payments on account of the tax credits allowed by this section shall be made for amounts less than \$1.

(f) The director of taxation shall prepare and prescribe the appropriate form or forms to be used herein, may require proof of the claim for tax credits, and may adopt rules pursuant to chapter 91.

(g) All of the provisions relating to assessments and refunds under this chapter and under section 231-23(d)(1) shall apply to the tax credits hereunder.

(h) Claims for tax credits under this section, including any amended claims thereof, shall be filed on or before the end of the twelfth month following the taxable year for which the credit may be claimed."

SECTION 2. New statutory material is underscored. In printing this Act, the revisor of statutes need not include the underscoring.*

SECTION 3. This Act shall take effect upon its approval and shall apply to taxable years beginning after December 31, 1976.

(Approved June 27, 1977.)

*Edited accordingly.