
A BILL FOR AN ACT

RELATING TO TAX CREDITS FOR LOW-INCOME RENTERS.

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

1 SECTION 1. The legislature finds that Hawaii's families
2 face the highest cost of living in the nation with seventy-two
3 per cent of those living in poverty spending more than half of
4 their income on housing. Median rent in Hawaii increased by
5 forty-five per cent during 2005-2012, approximately three times
6 the rate of inflation during the same time period. The Hawaii
7 median monthly gross rent was \$1,432 in 2013, up 2.91 per cent
8 from \$1,364 in 2011. Renter households are in need of relief as
9 they do not benefit from federal or state tax benefits available
10 to homeowners, while landlords generally pass along to them the
11 costs from the general excise tax and property tax. Lack of
12 adequate credits and exemptions results in the personal income
13 tax actually pushing some low-income working families further
14 into poverty.

15 The purpose of this Act is to:

16 (1) Increase the low-income household renters credit
17 values to make up for ground lost to inflation; and



1 (2) Improve the credit's structure to implement tax policy
2 best practices, allowing for a gradual credit phase-
3 out as household income increases, and tailor the
4 credit to better focus on those most in need.

5 SECTION 2. Section 235-55.7, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§235-55.7 Income tax credit for low-income household**
8 **renters.** (a) As used in this section:

9 (1) "Adjusted gross income" is defined by section 235-1.

10 (2) "Consumer Price Index" means the Consumer Price Index
11 for All Urban Consumers published by the United States
12 Department of Labor.

13 [~~(2)~~] (3) "Qualified exemption" includes those exemptions
14 permitted under this chapter; provided that a person for whom
15 exemption is claimed has physically resided in the State for
16 more than nine months during the taxable year; and provided that
17 multiple exemption shall not be granted because of deficiencies
18 in vision, hearing, or other disability.

19 [~~(3)~~] (4) "Rent" means the amount paid in cash in any
20 taxable year for the occupancy of a dwelling place which is used
21 by a resident taxpayer or the resident taxpayer's immediate



1 family as the principal residence in this State. Rent is
2 limited to the amount paid for the occupancy of the dwelling
3 place only, and is exclusive of charges for utilities, parking
4 stalls, storage of goods, yard services, furniture, furnishings,
5 and the like. Rent shall not include any rental claimed as a
6 deduction from gross income or adjusted gross income for income
7 tax purposes, any ground rental paid for use of land only, and
8 any rent allowance or subsidies received.

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

18 (c) Each taxpayer with an adjusted gross income of less
19 than [~~\$30,000~~] \$59,700 who has paid more than \$1,000 in rent
20 during the taxable year for which the credit is claimed may
21 claim a tax credit of [~~\$50~~] \$146 multiplied by the number of



1 qualified exemptions to which the taxpayer is entitled; provided
2 each taxpayer sixty-five years of age or over may claim double
3 the tax credit; and provided that a resident individual who has
4 no income or no income taxable under this chapter may also claim
5 the tax credit as set forth in this section.

6 (d) For each taxable year beginning after December 31,
7 2016, each dollar amount contained in subsection (c) shall be
8 increased by an amount equal to such dollar amount, multiplied
9 by the percentage, if any, by which the Consumer Price Index for
10 the preceding calendar year exceeds the Consumer Price Index for
11 the calendar year 2017.

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

16 [~~(e)~~] (f) The tax credits shall be deductible from the
17 taxpayer's individual net income tax for the tax year in which
18 the credits are properly claimed; provided that a husband and
19 wife filing separate returns for a taxable year for which a
20 joint return could have been made by them shall claim only the
21 tax credits to which they would have been entitled had a joint



1 return been filed. In the event the allowed tax credits exceed
2 the amount of the income tax payments due from the taxpayer, the
3 excess of credits over payments due shall be refunded to the
4 taxpayer; provided that allowed tax credits properly claimed by
5 an individual who has no income tax liability shall be paid to
6 the individual; and provided further that no refunds or payments
7 on account of the tax credits allowed by this section shall be
8 made for amounts less than \$1.

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

13 ~~[(g)]~~ (h) All of the provisions relating to assessments
14 and refunds under this chapter and under section 231-23(c)(1)
15 shall apply to the tax credits hereunder.

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

20 SECTION 3. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



H.B. NO. 1918

1 SECTION 4. This Act shall take effect on July 1, 2016, and
2 shall apply to taxable years beginning after December 31, 2016.

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INTRODUCED BY:

[Signature]

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JAN 22 2016



H.B. NO. 1918

Report Title:

Income Tax Credit; Low-Income Household Renters

Description:

Amends income tax credit for low-income household renters to adjust for inflation.

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