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# 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 purpose of this Act is to:
- 2           (1) Increase the low-income household renters credit
- 3           values to make up for inflation; and
- 4           (2) Improve the credit's structure to implement tax policy
- 5           best practices, allowing for a gradual credit phase-
- 6           out as household income increases, and tailor the
- 7           credit to better focus on those most in need.
- 8           SECTION 2. Section 235-55.7, Hawaii Revised Statutes, is
- 9           amended to read as follows:
- 10           "**§235-55.7 Income tax credit for low-income household**
- 11 **renters.** (a) As used in this section:
- 12           (1) "Adjusted gross income" is defined by section 235-1.
- 13           (2) "Consumer Price Index" means the Consumer Price Index
- 14           for All Urban Consumers published by the United States
- 15           Department of Labor.
- 16           ~~[-(2)-]~~ (3) "Qualified exemption" includes those exemptions
- 17           permitted under this chapter; provided that a person



1 for whom exemption is claimed has physically resided  
2 in the State for more than nine months during the  
3 taxable year; and provided that multiple exemption  
4 shall not be granted because of deficiencies in  
5 vision, hearing, or other disability.

6 [~~(3)~~] (4) "Rent" means the amount paid in cash in any  
7 taxable year for the occupancy of a dwelling place  
8 which is used by a resident taxpayer or the resident  
9 taxpayer's immediate family as the principal residence  
10 in this State. Rent is limited to the amount paid for  
11 the occupancy of the dwelling place only, and is  
12 exclusive of charges for utilities, parking stalls,  
13 storage of goods, yard services, furniture,  
14 furnishings, and the like. Rent shall not include any  
15 rental claimed as a deduction from gross income or  
16 adjusted gross income for income tax purposes, any  
17 ground rental paid for use of land only, and any rent  
18 allowance or subsidies received.

19 (b) Each resident taxpayer who occupies and pays rent for  
20 real property within the State as the resident taxpayer's  
21 residence or the residence of the resident taxpayer's immediate



1 family which is not partially or wholly exempted from real  
2 property tax, who is not eligible to be claimed as a dependent  
3 for federal or state income taxes by another, and who files an  
4 individual net income tax return for a taxable year, may claim a  
5 tax credit under this section against the resident taxpayer's  
6 Hawaii state individual net income tax.

7 (c) Each taxpayer with an adjusted gross income of less  
8 than [~~\$30,000~~] \$59,700 who has paid more than \$1,000 in rent  
9 during the taxable year for which the credit is claimed may  
10 claim a tax credit of [~~\$50~~] \$146 multiplied by the number of  
11 qualified exemptions to which the taxpayer is entitled; provided  
12 each taxpayer sixty-five years of age or over may claim double  
13 the tax credit; and provided that a resident individual who has  
14 no income or no income taxable under this chapter may also claim  
15 the tax credit as set forth in this section.

16 (d) For each taxable year beginning after December 31,  
17 2017, each dollar amount contained in subsection (c) shall be  
18 increased by an amount equal to such dollar amount, multiplied  
19 by the percentage, if any, by which the Consumer Price Index for  
20 the preceding calendar year exceeds the Consumer Price Index for  
21 the calendar year 2018.



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

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

19            [~~(f)~~] (g) The director of taxation shall prepare and  
20 prescribe the appropriate form or forms to be used herein, may



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1 require proof of the claim for tax credits, and may adopt rules  
2 pursuant to chapter 91.

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

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

10 SECTION 3. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 4. This Act shall take effect upon its approval  
13 and shall apply to taxable years beginning after December 31,  
14 2017.

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INTRODUCED BY:

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# H.B. NO. 361

**Report Title:**

Income Tax Credit; Low-Income Household Renters

**Description:**

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

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

