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# A BILL FOR AN ACT

RELATING TO HOUSING.

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

1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding two new sections to be appropriately  
3 designated and to read as follows:  
4           "§235- Residential housing; visitability standards;  
5 income tax credit. (a) There shall be allowed to each taxpayer  
6 subject to the taxes imposed by this chapter a tax credit for  
7 qualified expenses in the construction or renovation of  
8 residential housing. The tax credit shall be deductible from  
9 the taxpayer's net income tax liability, if any, imposed by this  
10 chapter for the taxable year in which the credit is properly  
11 claimed.  
12           (b) In the case of a partnership, S corporation, estate,  
13 or trust, the tax credit allowable is for qualified expenses  
14 incurred by the entity for the taxable year. The expenses upon  
15 which the tax credit is computed shall be determined at the  
16 entity level. Distribution and share of credit shall be  
17 determined by rule.



1        (c) The amount of the tax credit shall be equal to the  
2 qualified expenses of the taxpayer; provided that the amount of  
3 credit shall not exceed the applicable cap amount, which is  
4 determined as follows:

5        (1) Single-family residential property:

6            (A) If the residential housing is one single-family  
7            residential property, \$3,000; or

8            (B) If the residential housing is a development  
9            project of several single-family residential  
10           units, \$300 per unit; provided that the total  
11           amount of tax credit shall not exceed \$20,000 per  
12           development project; or

13        (2) Multi-family residential property:

14           If the residential housing is a multi-family  
15           residential property, \$300 per unit; provided that the  
16           total amount of tax credit shall not exceed \$20,000.

17        There shall be allowed a maximum of one tax credit for each  
18 residential housing claimed by a taxpayer under this section.

19        (d) The director of taxation:

20           (1) Shall prepare any forms that may be necessary to claim  
21           a tax credit under this section;



1           (2) May require the taxpayer to furnish reasonable  
2           information to ascertain the validity of the claim for  
3           the tax credit made under this section; and

4           (3) May adopt rules under chapter 91 necessary to  
5           effectuate the purposes of this section.

6           (e) If the tax credit under this section exceeds the  
7           taxpayer's income tax liability, the excess of the credit over  
8           liability may be used as a credit against the taxpayer's income  
9           tax liability in subsequent years until exhausted. All claims  
10          for the tax credit under this section, including amended claims,  
11          shall be filed on or before the end of the twelfth month  
12          following the close of the taxable year for which the credit may  
13          be claimed. Failure to comply with the foregoing provision  
14          shall constitute a waiver of the right to claim the credit.

15          (f) This section shall not apply to taxable years  
16          beginning after December 31, 2022.

17          (g) As used in this section:

18          "Housing visitability standards" are minimum standards to  
19          provide accessibility and safety for individuals with  
20          disabilities when visiting or using residential space.



1       "Qualified expenses" means costs of construction and  
2 renovation that are necessary and directly incurred by the  
3 taxpayer in order to comply with all of the following housing  
4 visitability standards:

5       (1) At least one zero-step entrance into a home, on an  
6 accessible route leading from a driveway or public  
7 sidewalk;

8       (2) Interior doors with at least thirty-two inches of  
9 clear passage space through which a wheelchair may be  
10 navigated;

11       (3) At least one wheelchair-accessible full bathroom on  
12 the main floor of the home that is large enough for a  
13 person to access in a wheelchair and close the  
14 bathroom door from inside the bathroom;

15       (4) At least one accessible bedroom on the main floor of  
16 the home;

17       (5) Hallways with at least thirty-six inches of clear  
18 passage to allow maneuvering space for a wheelchair;

19       (6) Light switches and electrical outlets that are  
20 accessible to a person using a wheelchair; and



1        (7) Smoke detectors that permit both visible and audible  
2                    detection of an alarm.

3        §235- Bed and breakfast; visitability standards; income  
4 tax credit. (a) There shall be allowed to each taxpayer  
5 subject to the taxes imposed by this chapter a tax credit for  
6 qualified expenses in the construction or renovation of a bed  
7 and breakfast that is registered with the county in which the  
8 bed and breakfast is located. The tax credit shall be  
9 deductible from the taxpayer's net income tax liability, if any,  
10 imposed by this chapter for the taxable year in which the credit  
11 is properly claimed.

12        (b) In the case of a partnership, S corporation, estate,  
13 or trust, the tax credit allowable is for qualified expenses  
14 incurred by the entity for the taxable year. The expenses upon  
15 which the tax credit is computed shall be determined at the  
16 entity level. Distribution and share of credit shall be  
17 determined by rule.

18        (c) The amount of the tax credit shall be equal to the  
19 qualified expenses of the taxpayer, up to a maximum of \$3,000.

20        There shall be allowed a maximum of one tax credit for each  
21 bed and breakfast claimed by a taxpayer under this section.



- 1        (d) The director of taxation:
- 2        (1) Shall prepare any forms that may be necessary to claim
- 3        a tax credit under this section;
- 4        (2) May require the taxpayer to furnish reasonable
- 5        information to ascertain the validity of the claim for
- 6        the tax credit made under this section; and
- 7        (3) May adopt rules under chapter 91 necessary to
- 8        effectuate the purposes of this section.
- 9        (e) If the tax credit under this section exceeds the
- 10       taxpayer's income tax liability, the excess of the credit over
- 11       liability may be used as a credit against the taxpayer's income
- 12       tax liability in subsequent years until exhausted. All claims
- 13       for the tax credit under this section, including amended claims,
- 14       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. Failure to comply with the foregoing provision
- 17       shall constitute a waiver of the right to claim the credit.
- 18       (f) This section shall not apply to taxable years
- 19       beginning after December 31, 2022.
- 20       (g) As used in this section:



1       "Housing visitability standards" are minimum standards to  
2 provide accessibility and safety for individuals with  
3 disabilities when visiting or using residential space.

4       "Qualified expenses" means costs of construction and  
5 renovation that are necessary and directly incurred by the  
6 taxpayer in order to comply with all of the following housing  
7 visitability standards:

8       (1) At least one zero-step entrance into a home, on an  
9 accessible route leading from a driveway or public  
10 sidewalk;

11       (2) Interior doors with at least thirty-two inches of  
12 clear passage space through which a wheelchair may be  
13 navigated;

14       (3) At least one wheelchair-accessible full bathroom on  
15 the main floor of the home that is large enough for a  
16 person to access in a wheelchair and close the  
17 bathroom door from inside the bathroom;

18       (4) At least one accessible bedroom on the main floor of  
19 the home;

20       (5) Hallways with at least thirty-six inches of clear  
21 passage to allow maneuvering space for a wheelchair;



- 1        (6) Light switches and electrical outlets that are
- 2        accessible to a person using a wheelchair; and
- 3        (7) Smoke detectors that permit both visible and audible
- 4        detection of an alarm."

5        SECTION 2. New statutory material is underscored.

6        SECTION 3. This Act, upon its approval, shall apply to  
7 taxable years beginning after December 31, 2017.

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# H.B. NO. 1920

**Report Title:**

Residential Housing; Visitability Standards; Income Tax Credit

**Description:**

Establishes an income tax credit for the cost of construction and renovation that complies with residential housing visitability standards.

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