
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that the counties have
2 not provided direct real property tax relief to renters in a
3 practical and efficient manner.

4 The purpose of this Act is to allow the counties to provide
5 direct relief to a renter of real property within a county by
6 offering a renter's income tax credit funded by the county to
7 offset a portion of the renter's real property tax burden.

8 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§235- Renter's tax credit. (a) If the State and a
12 county agree in writing, there shall be allowed a renter's tax
13 credit for each resident individual taxpayer who qualifies under
14 subsection (b). The agreement shall require the State to
15 provide the tax credit to a qualified taxpayer during a taxable
16 year if the county agrees to pay or reimburse the State for the
17 tax loss resulting from the credit and the cost to the State to
18 administer the credit. The agreement shall be executed by the



1 State and county at least one hundred eighty days before the
2 taxable year in which the credit is to apply.

3 If an agreement is not executed in compliance with this
4 section for the application of the tax credit in a taxable year,
5 then the tax credit shall not be available to renters during
6 that taxable year.

7 The tax credit shall be additional to the tax credit for
8 low-income household renters under section 235-55.7.

9 (b) A resident individual taxpayer shall qualify for the
10 tax credit made available during a taxable year if the taxpayer:

11 (1) Has rented and occupied real property within a county
12 for a minimum of six months during the taxable year;

13 (2) Does not own real property in the State or receive a
14 real property tax exemption; and

15 (3) Is not eligible to be claimed as a dependent for
16 federal or state income taxes by another.

17 (c) The amount of the tax credit available during a
18 taxable year shall be the amount agreed to by the county and the
19 State. The amount may be a flat amount or vary according to the
20 income of the taxpayer, rent paid by the taxpayer, or other
21 factors.



1 (d) The tax credit shall be deductible from the qualified
2 taxpayer's net income tax liability, if any, for the taxable
3 year in which the credit is made available and properly claimed;
4 provided that spouses filing separate returns for a taxable year
5 for which a joint return could have been made by them shall
6 claim only the tax credit to which they would have been entitled
7 had a joint return been filed.

8 (e) If a rental unit is occupied by two or more
9 individuals, and more than one individual qualifies for the tax
10 credit, the claim for the credit shall be based on the actual
11 share of the rent paid.

12 (f) If the tax credit under this section exceeds the
13 taxpayer's income tax liability, the excess of credit over
14 liability may be used as a credit against the taxpayer's income
15 tax liability in subsequent years until exhausted.

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

22 (h) The director of taxation:



- 1 (1) Shall prepare any forms that may be necessary to claim
2 a tax credit under this section;
- 3 (2) May require the taxpayer to furnish information to
4 ascertain the validity of the claim for the credit
5 made under this section; and
- 6 (3) May adopt rules in accordance with chapter 91 to
7 implement this section.
- 8 (i) All refunds shall be paid only upon a form to be known
9 as a "refund voucher" prepared by the director of taxation. The
10 refund vouchers shall set forth all the details of each
11 transaction, shall be approved by the director, and shall be
12 forwarded to the comptroller from time to time. The comptroller
13 shall issue a warrant, in the form prescribed by section 40-52,
14 for the payment of the tax reserve fund created in section 231-
15 23(c) (2)."

16 SECTION 3. Section 231-7, Hawaii Revised Statutes, is
17 amended by amending subsections (a), (b), and (c) to read as
18 follows:

19 "(a) The director of taxation, [and] any representative of
20 the director duly authorized by the director, and any county, in
21 connection with a taxpayer's claim for the renter's tax credit
22 provided in section 235-A, may conduct any inquiry,



1 investigation, or hearing, relating to any assessment, or the
2 amount of any tax, or the collection of any delinquent tax,
3 including any inquiry or investigation into the financial
4 resources of any delinquent taxpayer or the collectability of
5 any delinquent tax.

6 (b) The director [~~or~~], other person, or county, in
7 connection with a taxpayer's claim for the renter's tax credit
8 provided in section 235- _____, conducting hearings may administer
9 oaths and take testimony under oath relating to the matter of
10 inquiry or investigation, and subpoena witnesses and require the
11 production of books, papers, documents, and records pertinent to
12 such inquiry.

13 (c) If any person disobeys any process or, having appeared
14 in obedience thereto, refuses to answer pertinent questions put
15 to the person by the director [~~or~~], other person conducting the
16 hearing, or county, in connection with a taxpayer's claim for
17 the renter's tax credit provided in section 235- _____, or to
18 produce any books, papers, documents, or records pursuant
19 thereto, the director [~~or~~], other person, or county, in
20 connection with a taxpayer's claim for the renter's tax credit
21 provided in section 235- _____, conducting the hearing may apply to
22 the circuit court of the circuit wherein the inquiry or



1 investigation is being conducted, or to any judge of the court,
2 setting forth the disobedience to process or refusal to answer,
3 and the court or judge shall cite the person to appear before
4 the court or judge to answer the questions or to produce the
5 books, papers, documents, or records, and upon the person's
6 refusal so to do commit the person to jail until the person
7 testifies but not for a longer period than sixty days.
8 Notwithstanding the serving of the term of commitment by any
9 person, the director or county, in connection with a taxpayer's
10 claim for the renter's tax credit provided in section 235- ,
11 may proceed in all respects as if the witness had not previously
12 been called upon to testify. Witnesses (other than the taxpayer
13 or the taxpayer's or its officers, directors, agents, and
14 employees) shall be allowed their fees and mileage as in cases
15 in the circuit courts, to be paid on vouchers of the department
16 of taxation, from any moneys available for expenses of the
17 department."

18 SECTION 4. Section 235-108, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§235-108 Audit of return; procedure; additional taxes.**

21 (a) Audit. The director of taxation, a county, in connection
22 with a taxpayer's claim for the renter's tax credit provided in



1 section 235- , or a responsible person designated by the
2 director to act in the premises for the purpose of verification
3 or audit of a return made by the taxpayer or employer, or for
4 the purpose of making a return where none has been made, is
5 authorized and empowered to examine all account books, bank
6 books, bank statements, records, vouchers, copies of federal tax
7 returns, and any and all other documents and evidences having
8 any relevancy to the determination of the income or wages as
9 required to be returned under this chapter, and the director and
10 a county, in connection with a taxpayer's claim for the renter's
11 tax credit provided in section 235- , may employ the
12 director's powers under section 231-7 for such purposes.

13 (b) Additional taxes. If the department of taxation
14 discovers from the examination of the return or otherwise that
15 income, or the liability of an employer in respect of wages, or
16 any portion thereof, has not been assessed, it may assess the
17 same and give notice to the taxpayer or employer of the
18 assessment, and the taxpayer or employer shall thereupon have an
19 opportunity within thirty days to confer with the department as
20 to the proposed assessment. If a county, in connection with a
21 taxpayer's claim for the renter's tax credit provided in section
22 235- , discovers from an examination of the return or



1 otherwise that income, or the liability of an employer in
2 respect of wages, or any portion thereof, has not been assessed
3 or reported, the county shall notify the director and the
4 department shall assess the same and give notice to the taxpayer
5 or employer of the assessment, and the taxpayer or employer
6 shall thereupon have an opportunity with thirty days to confer
7 with the department and the county as to the proposed
8 assessment. After the expiration of thirty days from such
9 notification, the department shall assess the income of the
10 taxpayer, or the liability of the employer in respect of wages,
11 or any portion thereof which [~~it~~] the department or the county,
12 in connection with a taxpayer's claim for the renter's tax
13 credit provided in section 235- , believes has not heretofore
14 been assessed, and shall give notice to the taxpayer or employer
15 of the amount of the tax and interest and penalties if any, and
16 the amount thereof shall be paid within twenty days after the
17 date the notice was mailed, properly addressed to the taxpayer
18 or employer at the taxpayer's or employer's last known address
19 or place of business."

20 SECTION 5. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.

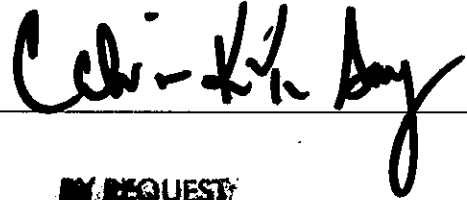


H.B. NO. 2339

1 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY:



BY REQUEST

JAN 21 2010



Report Title:

Renter's Tax Credit

Description:

Provides a renter's income tax credit financed by the counties through 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.

