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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

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

4           "§235- Homeowners construction and remodeling tax  
5 credit. (a) There shall be allowed to each individual taxpayer  
6 who owns residential real property, subject to the taxes imposed  
7 by this chapter, a residential construction and remodeling tax  
8 credit that shall be deductible from the taxpayer's net income  
9 tax liability, if any, imposed by this chapter for the taxable  
10 year in which the credit is properly claimed.

11           The amount of the tax credit claimed under this section by  
12 the taxpayer in all years for which the credit is available  
13 shall be limited to four per cent of the residential  
14 construction or remodeling costs paid by the taxpayer during the  
15 taxable year for which the credit is claimed; provided that the  
16 costs shall not exceed \$ \_\_\_\_\_ in the aggregate for each  
17 residential unit and that the costs are incurred before  
18 July 1, \_\_\_\_\_.



1       A husband and wife filing separately, or multiple owners of  
2 a property filing separately may apportion the tax credit  
3 between themselves; provided that the tax credit may be claimed  
4 only once for a single residential property.

5       If a deduction is taken under Section 179 (with respect to  
6 election to expense depreciable business assets) of the Internal  
7 Revenue Code, no tax credit shall be allowed for that portion of  
8 the construction or remodeling cost for which the deduction is  
9 taken.

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

14       All claims, including amended claims, for a tax credit  
15 under this section shall be filed on or before the end of the  
16 twelfth month following the close of the taxable year for which  
17 the credit may be claimed. Failure to comply with the foregoing  
18 provision shall constitute a waiver of the right to claim the  
19 credit.

20       (c) The director of taxation:

21       (1) Shall prepare any forms that may be necessary to claim  
22 a tax credit;



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

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

6       (d) To qualify for the income tax credit, the taxpayer  
7       shall be in compliance with all applicable federal, state, and  
8       county statutes, rules, and regulations.

9       (e) As used in this section:

10       "Construction or remodeling cost" means any costs incurred  
11       after December 31,           , for plans, design, construction, and  
12       equipment that is permanently affixed to the building or  
13       structure related to new construction, alterations, or  
14       modifications to a residential apartment unit or house, and  
15       shall not include any costs for which another credit was claimed  
16       under this chapter.

17       "Net income tax liability" means income tax liability  
18       reduced by all other credits allowed under this chapter."

19       SECTION 2. New statutory material is underscored.

20       SECTION 3. This Act shall take effect on July 1, 2112, and  
21 shall apply to taxable years beginning after December 31, 2009.



**Report Title:**

Tax Credit; Residential Construction and Remodeling

**Description:**

Provides a temporary tax credit for residential construction and remodeling projects. Effective July 1, 2112. (HB2381 HD1)

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

