
A BILL FOR AN ACT

RELATING TO INCOME TAX CREDITS.

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

1 SECTION 1. Section 235-55.7, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§235-55.7 Income tax credit for low-income household
4 renters. (a) As used in this section:

5 [~~1~~] "Adjusted gross income" is defined by section 235-1.

6 "Consumer Price Index" means the Consumer Price Index for

7 All Urban Consumers published by the United States Department of
8 Labor.

9 [~~2~~] "Qualified exemption" includes those exemptions
10 permitted under this chapter; provided that a person for whom
11 exemption is claimed has physically resided in the State for
12 more than nine months during the taxable year; and provided that
13 multiple exemption shall not be granted because of deficiencies
14 in vision, hearing, or other disability.

15 [~~3~~] "Rent" means the amount paid in cash in any taxable
16 year for the occupancy of a dwelling place which is used by a
17 resident taxpayer or the resident taxpayer's immediate family as



1 the principal residence in this State. Rent is limited to the
2 amount paid for the occupancy of the dwelling place only, and is
3 exclusive of charges for utilities, parking stalls, storage of
4 goods, yard services, furniture, furnishings, and the like.
5 Rent shall not include any rental claimed as a deduction from
6 gross income or adjusted gross income for income tax purposes,
7 any ground rental paid for use of land only, and any rent
8 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~~] who has paid more than \$1,000 in rent during the
20 taxable year for which the credit is claimed may claim a tax
21 credit [~~of \$50~~] calculated according to this subsection,



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

8 (1) Unmarried individual taxpayer other than a surviving
 9 spouse or head of household:

10	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
11	<u>Not over \$20,000</u>	\$ _____
12	<u>Over \$20,000 but not over \$30,000</u>	\$ _____
13	<u>Over \$30,000 but not over \$40,000</u>	\$ _____

14 (2) Taxpayer eligible to file a joint return under section
 15 235-93, surviving spouse, or head of household:

16	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
17	<u>Not over \$30,000</u>	\$ _____
18	<u>Over \$30,000 but not over \$45,000</u>	\$ _____
19	<u>Over \$45,000 but not over \$60,000</u>	\$ _____

20 (d) For each taxable year beginning after December 31,
 21 2016, each dollar amount contained in subsection (c) shall be



1 increased by an amount equal to that dollar amount multiplied by
2 the percentage, if any, by which the Consumer Price Index for
3 the preceding calendar year exceeds the Consumer Price Index for
4 the calendar year 2017.

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

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



1 on account of the tax credits allowed by this section shall be
2 made for amounts less than \$1.

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

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

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

14 SECTION 2. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 3. This Act shall take effect on July 1, 2030, and
17 shall apply to taxable years beginning after December 31, 2016.



Report Title:

Income Tax Credit; Low-Income Household Renters

Description:

Expands the low income-household renter's income tax credit based on adjusted gross income, filing status, and the Consumer Price Index for All Urban Consumers. Applies to taxable years beginning after 12/31/2016. (HB2166 HD1)

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

