

JAN 20 2017

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- Homeownership development tax credit. (a) There
5 shall be allowed to each taxpayer subject to the taxes imposed
6 by this chapter and chapter 237D, an income tax credit, which
7 shall be deductible from the taxpayer's net income tax
8 liability, if any, imposed by this chapter for the taxable year
9 in which the credit is properly claimed.

10 (b) The amount of the tax credit shall be fifty per cent
11 of the value of the contribution by an eligible developer to an
12 eligible project made during the taxable year, up to a maximum
13 credit amount of \$250,000.

14 (c) In the case of a partnership, S corporation, estate,
15 or trust, the tax credit allowable is for contribution costs
16 incurred by the entity for the taxable year. The cost upon
17 which the tax credit is computed shall be determined at the



1 entity level. Distribution and share of credit shall be in
2 accordance with section 704(b) of the Internal Revenue Code.

3 (d) If a deduction is taken under section 179 (with
4 respect to election to expense depreciable business assets) of
5 the Internal Revenue Code, no tax credit shall be allowed for
6 that portion of the contribution for which the deduction is
7 taken.

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

17 (f) Any taxpayer wishing to claim a credit under this
18 section shall submit a proposal to the department of taxation,
19 which includes:

20 (1) A description of the eligible project;



- 1 (2) A description of the area in which the project is
- 2 located;
- 3 (3) A resolution from the county in which the project is
- 4 located that the project is consistent with local
- 5 plans and regulations; and
- 6 (4) Such supporting information as may be required by
- 7 rule.
- 8 (g) The director of taxation shall prepare any forms that
- 9 may be necessary to claim a credit under this section. The
- 10 director may also require the taxpayer to furnish information to
- 11 ascertain the validity of the claim for credit made under this
- 12 section and may adopt rules necessary to effectuate the purposes
- 13 of this section pursuant to chapter 91.
- 14 (h) The tax credit allowed under this section shall be
- 15 available for taxable years beginning after December 31, 2017.
- 16 (i) To qualify for the income tax credit, the taxpayer
- 17 shall be in compliance with all applicable federal, state, and
- 18 county statutes, rules, and regulations, including the Davis-
- 19 Bacon Act and chapter 104.
- 20 (j) For the purpose of this section:



1 "Contribution" includes cash, property, goods donated, and
 2 services to assist or facilitate development and management;
 3 land acquisition; downpayment and closing assistance; housing
 4 counselling and marketing fees; or the removal of liens recorded
 5 against residential property by municipal, county, or special-
 6 district local governments relating to an eligible project.

7 "Eligible project" means construction or renovation in
 8 specific, identifiable single-unit or multiple-unit residential
 9 properties for the purpose of providing homeownership
 10 opportunities to low-income households or very-low-income
 11 households."

12 SECTION 2. New statutory material is underscored.

13 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:

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[Handwritten signatures: Breene Hunt, Clarene K. Nishikawa, Will Zyw, D.C. Kirk-Coyne, and another signature]



S.B. NO. 668

Report Title:

Tax Credit; Homeownership Development; Low-income Housing

Description:

Creates a 50% tax credit to a maximum of \$250,000 for costs involved in projects that provide housing for low-income and very-low-income residents.

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

