
A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

1 SECTION 1. The legislature finds that the affordable
2 housing crisis in Hawaii extends to the lack of affordable
3 rentals, particularly in high visitor traffic areas. This lack
4 of affordable rentals hurts the quality of service, diminishes
5 Hawaii's appeal in the visitor industry, and stresses the
6 State's infrastructure, due to increased traffic.

7 The legislature also finds the lack of affordable rental
8 homes in these areas is due to the high costs of property
9 ownership, which encourages many landlords to enter into
10 interval or short-term rentals rather than workforce-eligible
11 rentals.

12 The legislature further finds that, in order to create more
13 immediate affordable housing rentals for workforce-eligible
14 people within the areas of most need, an economic incentive
15 would stimulate private landowner participation.

16 The legislature believes that such a tax credit program
17 would provide immediate, needed rental housing for local working



1 families that would not only bolster the visitor industry, but
2 also ease congestion and create more disposable income, while
3 eliminating the need for support services for families who must
4 dedicate more of their income to their rent.

5 The purpose of this Act is to establish an income tax
6 credit for taxpayers who lease housing to certain low-income
7 tenants.

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- Affordable rental housing; income tax credit.

12 (a) There shall be allowed to each taxpayer, subject to the tax
13 imposed under this chapter, a credit that shall be deductible
14 from the taxpayer's net income tax liability, if any, imposed by
15 this chapter for the taxable year in which the credit is
16 properly claimed. The amount of the tax credit shall be equal
17 to ten per cent of rent collected per housing unit, per month,
18 that the taxpayer rents to an eligible tenant. The maximum
19 amount of the tax credit claimed by a taxpayer under this
20 section shall be \$2,000 per taxable year.



1 (b) In the case of a partnership, S corporation, estate,
2 or trust, the tax credit allowable is for every housing unit
3 rented to an eligible tenant by the entity. The cost upon which
4 the tax credit is computed shall be determined at the entity
5 level. Distribution and share of credit shall be determined by
6 rule.

7 (c) The director of taxation:

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

10 (2) May require the taxpayer to furnish reasonable
11 information to ascertain the validity of the claim for
12 credit made under this section; and

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

15 (d) If the tax credit under this section exceeds the
16 taxpayer's income tax liability, the excess of the credit over
17 liability may be used as a credit against the taxpayer's income
18 tax liability in subsequent years until exhausted. All claims
19 for the tax credit under this section, including amended claims,
20 shall be filed on or before the end of the twelfth month
21 following the close of the taxable year for which the credit may



1 be claimed. Failure to comply with the foregoing provision
2 shall constitute a waiver of the right to claim the credit.

3 (e) For the purposes of this section, "eligible tenant"
4 means a family or an individual whose income from all sources is
5 less than eighty per cent of the area median income as
6 determined by the United States Department of Housing and Urban
7' Development's most recently released schedule of income limits."

8 SECTION 3. New statutory material is underscored.

9 SECTION 4. This Act, upon its approval, shall apply to
10 taxable years beginning after December 31, 2018.

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INTRODUCED BY:

JAN 22 2019



H.B. NO. 800

Report Title:

Affordable Housing; Income Tax Credit; Low-income Tenants

Description:

Establishes an income tax credit for taxpayers who lease housing to certain low-income tenants.

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