
A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1 SECTION 1. The legislature finds that homelessness is a
2 serious problem in Hawaii, due in part to the high cost of
3 housing in the State. Since 1977, the State has made tax
4 credits available to assist eligible renters through the income
5 tax credit for low-income household renters. The legislature
6 finds that this tax credit is the third most commonly used among
7 Hawaii residents. The income eligibility threshold was last
8 adjusted in 1989 and the credit amount allowed was last adjusted
9 in 1981. Since 1989, the cost of housing has increased by three
10 hundred ninety per cent. Therefore, it is appropriate to adjust
11 the eligibility requirements under the income tax credit for
12 low-income household renters.

13 The purpose of this Act is to adjust the eligibility
14 requirements for renters under the income tax credit for low-
15 income household renters by:



1 (1) Setting the tax credit amount based on adjusted gross
2 income and filing status with the intent to phase out
3 the credit as the taxpayer's income rises; and

4 (2) Automatically adjusting the tax credit in future years
5 according to increases in the consumer price index.

6 SECTION 2. Section 235-55.7, Hawaii Revised Statutes, is
7 amended by amending subsection (c) to read as follows:

8 "(c) Each taxpayer [~~with an adjusted gross income of less~~
9 ~~than \$50,000~~] who has paid more than \$1,000 in rent during the
10 taxable year for which the credit is claimed may claim a tax
11 credit [~~of \$50~~] multiplied by the number of qualified exemptions
12 to which the taxpayer is entitled[+] in accordance with the
13 table below; provided that each taxpayer sixty-five years of age
14 or over may claim double the tax credit; [~~and~~] provided further
15 that a resident individual who has no income or no income
16 taxable under this chapter may also claim the tax credit as set
17 forth in this section.

18	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
19	<u>for taxpayers filing</u>	
20	<u>a single return or married</u>	
21	<u>individuals filing</u>	



1	<u>separate returns</u>	
2	<u>Under \$20,000</u>	\$ _____
3	<u>\$20,000 under \$30,000</u>	\$ _____
4	<u>\$30,000 under \$40,000</u>	\$ _____
5	<u>\$40,000 and over</u>	\$ _____.

7	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
8	<u>for taxpayers filing as</u>	
9	<u>head of household</u>	
10	<u>Under \$30,000</u>	\$ _____
11	<u>\$30,000 under \$45,000</u>	\$ _____
12	<u>\$45,000 under \$60,000</u>	\$ _____
13	<u>\$60,000 and over</u>	\$ _____.

15	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
16	<u>for taxpayers filing a</u>	
17	<u>married filing joint</u>	
18	<u>return and surviving</u>	
19	<u>spouses</u>	
20	<u>Under \$40,000</u>	\$ _____
21	<u>\$40,000 under \$60,000</u>	\$ _____



1	<u>\$60,000 under \$80,000</u>	\$ _____
2	<u>\$80,000 and over</u>	\$ _____.

3 Effective January 1, 2021, and every five years thereafter, the
4 department shall adjust the amount of the credit per exemption
5 by the average percentage change for the five-year period from
6 the immediately preceding five-year period in the urban Hawaii
7 consumer price index for all urban consumers published by the
8 United States Department of Labor."

9 SECTION 3. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 4. This Act shall take effect on July 1, 2025, and
12 shall apply to taxable years beginning after December 31, 2020.



Report Title:

Income Tax Credit for Low-income Household Renters; Adjustments

Description:

Adjusts the amount of the income tax credit for low-income household renters based on adjusted gross income and taxpayer filing status and provides for automatic adjustments to the tax credit based on the consumer price index. Effective 7/1/2025.
(HD2)

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