

JAN 18 2023

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 Hawai'i, 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. The legislature
5 finds that this tax credit is the third most commonly used among
6 Hawai'i residents. The income eligibility threshold was last
7 adjusted in 1989 and the credit amount allowed was last adjusted
8 in 1981. Since 1989, the cost of housing has increased by three
9 hundred ninety per cent. Therefore, it is appropriate to adjust
10 the eligibility requirements for the income tax credit for
11 low-income household renters.

12 The purpose of this Act is to:

- 13 (1) Adjust the eligibility requirements for the income tax
14 credit for low-income household renters;
- 15 (2) More sharply target the tax credit toward lower-income
16 taxpayers by creating tax brackets that will phase out
17 the credit as the taxpayer's income rises; and



1 (3) Adjust the amount of the credit every three years by
2 using a percentage based on the consumer price index.

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

5 **"§235-55.7 Income tax credit for low-income household
6 renters.** (a) As used in this section:

7 [~~1~~] "Adjusted gross income" [~~is~~] has the same meaning as
8 defined [~~by~~] and determined under the Internal Revenue Code in
9 accordance with section 235-1.

10 "Consumer price index" means the urban Hawaii consumer
11 price index for all urban consumers published by the United
12 States Department of Labor or a successor index.

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

20 [~~3~~] "Rent" means the amount paid in cash in any taxable
21 year for the occupancy of a dwelling place [~~which~~] that is used



1 by a resident taxpayer or the resident taxpayer's immediate
2 family as the principal residence in this State. Rent is
3 limited to the amount paid for the occupancy of the dwelling
4 place only, and is exclusive of charges for utilities, parking
5 stalls, storage of goods, yard services, furniture, furnishings,
6 and the like. Rent shall not include any rental claimed as a
7 deduction from gross income or adjusted gross income for income
8 tax purposes, any ground rental paid for use of land only, and
9 any rent allowance or subsidies received.

10 (b) Each resident taxpayer who occupies and pays rent for
11 real property within the State as the resident taxpayer's
12 residence or the residence of the resident taxpayer's immediate
13 family [~~which~~] that is not partially or wholly exempted from
14 real property tax, who is not eligible to be claimed as a
15 dependent for federal or state income taxes by another, and who
16 files an individual net income tax return for a taxable year,
17 may claim a tax credit under this section against the resident
18 taxpayer's Hawaii state individual net income tax.

19 (c) Each taxpayer [~~with an adjusted gross income of less~~
20 ~~than \$30,000~~] who has paid more than \$1,000 in rent during the
21 taxable year for which the credit is claimed may claim a tax



1 credit of \$50 multiplied by the number of qualified exemptions
 2 to which the taxpayer is entitled[+] in accordance with the
 3 table below; provided that each taxpayer sixty-five years of age
 4 or over may claim double the tax credit; [~~and~~] provided further
 5 that a resident individual who has no income or no income
 6 taxable under this chapter may also claim the tax credit as set
 7 forth in this section.

<u>Adjusted gross income</u>	<u>Credit per exemption</u>
<u>for taxpayers filing</u>	
<u>a single return or married</u>	
<u>individuals filing</u>	
<u>separate returns</u>	
<u>Under \$20,000</u>	<u>\$200</u>
<u>\$20,000 under \$30,000</u>	<u>\$150</u>
<u>\$30,000 under \$40,000</u>	<u>\$100</u>
<u>\$40,000 and over</u>	<u>\$ 0.</u>
<u>Adjusted gross income</u>	<u>Credit per exemption</u>
<u>for heads of household</u>	
<u>Under \$30,000</u>	<u>\$200</u>
<u>\$30,000 under \$45,000</u>	<u>\$150</u>
<u>\$45,000 under \$60,000</u>	<u>\$100</u>



1	<u>\$60,000 and over</u>	<u>\$ 0.</u>
2	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
3	<u>for taxpayers filing</u>	
4	<u>a joint return under</u>	
5	<u>section 235-93 or a</u>	
6	<u>surviving spouse</u>	
7	<u>Under \$40,000</u>	<u>\$200</u>
8	<u>\$40,000 under \$60,000</u>	<u>\$150</u>
9	<u>\$60,000 under \$80,000</u>	<u>\$100</u>
10	<u>\$80,000 and over</u>	<u>\$ 0.</u>
11	<u>(d) For the taxable year beginning after December 31,</u>	
12	<u>2024, and in every third taxable year thereafter, each dollar</u>	
13	<u>amount contained in the table in subsection (c) shall be</u>	
14	<u>increased by an amount equal to that dollar amount, multiplied</u>	
15	<u>by the percentage, if any, by which the consumer price index for</u>	
16	<u>June of the preceding calendar year exceeds the consumer price</u>	
17	<u>index for June of 2023, rounded to the nearest whole dollar</u>	
18	<u>amount.</u>	
19	<u>[(d)] (e) If a rental unit is occupied by two or more</u>	
20	<u>individuals, and more than one individual is able to qualify as</u>	



1 a claimant, the claim for credit shall be based upon a pro rata
2 share of the rent paid.

3 ~~(e)~~ (f) The tax credits shall be deductible from the
4 taxpayer's individual net income tax for the tax year in which
5 the credits are properly claimed; provided that a husband and
6 wife filing separate returns for a taxable year for which a
7 joint return could have been made by them shall claim only the
8 tax credits to which they would have been entitled had a joint
9 return been filed. In the event the allowed tax credits exceed
10 the amount of the income tax payments due from the taxpayer, the
11 excess of credits over payments due shall be refunded to the
12 taxpayer; provided that allowed tax credits properly claimed by
13 an individual who has no income tax liability shall be paid to
14 the individual; and provided further that no refunds or payments
15 on account of the tax credits allowed by this section shall be
16 made for amounts less than \$1.

17 ~~(f)~~ (g) The director of taxation shall prepare and
18 prescribe the appropriate form or forms to be used herein, may
19 require proof of the claim for tax credits, and may adopt rules
20 pursuant to chapter 91.



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

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

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

10 SECTION 4. This Act shall take effect upon its approval
11 and shall apply to taxable years beginning after December 31,
12 2022.

13

INTRODUCED BY: 



S.B. NO. 55

Report Title:

Income Tax Credit for Low-income Household Renters; Adjustments

Description:

Increases the amount of the tax credit for individuals and households and the adjusted gross income eligibility cap for the income tax credit for low-income household renters using tax brackets for individuals and different categories of households. For taxable years beginning after 12/1/2024. Provides for increases of each tax credit amount every three years based on the consumer price index.

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