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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

13 (3) "Rent" means the amount paid in cash in any taxable  
14 year for the occupancy of a dwelling place ~~[which]~~  
15 that is used by a resident taxpayer or the resident  
16 taxpayer's immediate family as the principal residence  
17 in this State. Rent is limited to the amount paid for



1 the occupancy of the dwelling place only, and is  
2 exclusive of charges for utilities, parking stalls,  
3 storage of goods, yard services, furniture,  
4 furnishings, and the like. Rent shall not include any  
5 rental claimed as a deduction from gross income or  
6 adjusted gross income for income tax purposes, any  
7 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~~] that is not partially or wholly exempted from  
13 real property tax, who is not eligible to be claimed as a  
14 dependent for federal or state income taxes by another, and who  
15 files an individual net income tax return for a taxable year,  
16 may claim a tax credit under this section against the resident  
17 taxpayer's 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~~] based on the taxpayer's adjusted gross income,



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

8 (1) Taxpayer filing a single return or a married  
 9 individual filing separately:

10	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
11	<u>Under \$20,000</u>	<u>\$200</u>
12	<u>\$20,000 under \$30,000</u>	<u>\$150</u>
13	<u>\$30,000 under \$40,000</u>	<u>\$100</u>
14	<u>\$40,000 and over</u>	<u>\$ 0.</u>

15 (2) Taxpayer filing as a head of household:

16	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
17	<u>Under \$30,000</u>	<u>\$200</u>
18	<u>\$30,000 under \$45,000</u>	<u>\$150</u>
19	<u>\$45,000 under \$60,000</u>	<u>\$100</u>
20	<u>\$60,000 and over</u>	<u>\$ 0.</u>



1        (3) Taxpayer filing a joint return under section 235-93 or  
2            as a surviving spouse:

<u>Adjusted gross income</u>	<u>Credit per exemption</u>
4 <u>Under \$40,000</u>	<u>\$200</u>
5 <u>\$40,000 under \$60,000</u>	<u>\$150</u>
6 <u>\$60,000 under \$80,000</u>	<u>\$100</u>
7 <u>\$80,000 and over</u>	<u>\$ 0.</u>

8        (d) For each taxable year beginning on or after January 1,  
9        2025, the director, no later than December 15 of the preceding  
10       calendar year, shall recompute the amounts of the adjusted gross  
11       income bracket thresholds and the credit per exemption contained  
12       in the tables in subsection (c) by multiplying the dollar amount  
13       for the preceding taxable year by the cost-of-living adjustment  
14       factor, if the cost-of-living adjustment factor is greater than  
15       zero, and rounding off the resulting product to the nearest \$1;  
16       provided that if the cost-of-living adjustment factor is less  
17       than or equal to zero in a given year, no adjustment shall occur  
18       in the following year.

19       For purposes of this subsection, the cost-of-living  
20       adjustment factor is calculated by adding 1.0 to the percentage  
21       change in the Consumer Price Index for All Urban Consumers, as



1 published by the United States Department of Labor, from July of  
2 the preceding calendar year to July of the current calendar  
3 year. If the Consumer Price Index is discontinued, the Chained  
4 Consumer Price Index for All Urban Consumers, as published by  
5 the United States Department of Labor, shall be used to  
6 calculate the cost-of-living adjustment factor.

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

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



1 liability shall be paid to the individual; ~~and~~ provided  
2 further that no refunds or payments on account of the tax  
3 credits allowed by this section shall be made for amounts less  
4 than \$1.

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

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

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

16 SECTION 2. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 3. This Act, upon its approval, shall apply to  
19 taxable years beginning after December 31, 2023.



**Report Title:**

Low-Income Household Renters; Income Tax Credit; Adjustments

**Description:**

Increases the income thresholds and credit amounts of the income tax credit for low-income household renters by using tax brackets individuals and different categories of households. Annually adjusts the income thresholds and credit amounts for inflation, based on the consumer price index. Applies to taxable years beginning after 12/31/2023. (SD1)

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