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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. The legislature finds the State of Hawaii is  
2 experiencing a growing mental health and housing crisis. In the  
3 aftermath of the August 8, 2023, wildfires on Maui, these  
4 concerns are increasingly more prevalent. This is because an  
5 estimated two thousand two hundred homes, apartments, and  
6 structures were destroyed, displacing thousands and leading to  
7 what has been termed a dire mental health crisis.

8           The legislature additionally finds that the State's mental  
9 health concerns may be addressed through housing that encourages  
10 human-animal companionship. To this end, human-animal  
11 companionship has been linked to a reduction of feelings of  
12 stress, anxiety, depression, and loneliness. In addition to  
13 this, human-animal companionship has also been known to improve  
14 cardiovascular and heart health as well as immune system  
15 functioning. These combined benefits have led pet owners to go  
16 to the doctor an estimated fifteen per cent less than non-pet  
17 owners.



1           Beyond these mental health benefits, the legislature finds  
2 that many people have historically chosen to live in a shelter  
3 or low-income housing as these are often the only affordable  
4 options that will allow them to remain with their pet.  
5 Additionally, with as many as twenty-five per cent of homeless  
6 persons owning pets, Hawaii's lack of pet-friendly housing  
7 continues to be an obstacle for the reduction of the State's  
8 homeless population. Support for housing that encourages human-  
9 animal companionship would further benefit the State as it would  
10 reduce costs incurred by providing financial support to take  
11 care of pets that are surrendered and abandoned due to a lack of  
12 pet friendly housing.

13           The purpose of this Act is to establish a non-refundable  
14 income tax credit for residential landlords for each unit they  
15 rent to a tenant with a pet.

16           SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
17 amended by adding a new section to be appropriately designated  
18 and to read as follows:

19           "§235-    Tenant pet income tax credit. (a) There shall  
20 be allowed to each taxpayer subject to the tax imposed under  
21 this chapter, a tenant pet income tax credit that shall be



1 deductible from the taxpayer's net income tax liability, if any,  
2 imposed by this chapter for the taxable year in which the credit  
3 is properly claimed.

4 (b) In the case of a partnership, S corporation, estate,  
5 or trust, the tax credit shall be determined at the entity  
6 level. Distribution and share of credit shall be determined by  
7 rule.

8 (c) The tenant pet income tax credit shall be equal to  
9 \$ \_\_\_\_\_ for any unit rented by a qualified taxpayer to a  
10 tenant that has a pet occupy the rental unit; provided that the  
11 rental lease agreement is for a minimum of six months; provided  
12 further that only one qualified taxpayer may claim the credit  
13 per unit rented.

14 (d) The director of taxation:

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

17 (2) May require the taxpayer to furnish reasonable  
18 information to ascertain the validity of the claim for  
19 the tax credit made under this section; and

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



1       (e) If the tax credit claimed by the taxpayer under this  
2 section exceeds the taxpayer's income tax liability, the excess  
3 of the credit over liability may be used as a credit against the  
4 taxpayer's income tax liability in subsequent years until  
5 exhausted.

6       All claims for the tax credit under this section, including  
7 amended claims, shall be filed on or before the end of the  
8 twelfth month following the close of the taxable year for which  
9 the credit may be claimed. Failure to comply with the foregoing  
10 provision shall constitute a waiver of the right to claim the  
11 credit.

12       (f) As used in this section, "pet" means a "pet animal" as  
13 that term is defined in section 711-1100."

14       SECTION 3. New statutory material is underscored.

15       SECTION 4. This Act shall take effect on July 1, 2040;  
16 provided that this Act shall apply to taxable years beginning  
17 after December 31, 2024.



**Report Title:**

Department of Taxation; Tenant Pet Income Tax Credit;  
Residential Landlords

**Description:**

Establishes a non-refundable income tax credit for residential landlords who lease a unit to a tenant with a pet for at least six months. Takes effect 7/1/2040. (SD1)

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

