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## A BILL FOR AN ACT

RELATING TO CHILD CARE.

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

1           SECTION 1. The legislature finds that Hawaii has one of  
2 the highest costs for child care in the nation. The annual  
3 tuition cost of many child care facilities in Hawaii exceeds the  
4 annual in-state tuition at the University of Hawaii at Manoa.

5           The legislature further finds that the cost of and  
6 requirement for insurance, the severe limitations on the number  
7 of children allowed in each facility, and the generally high  
8 cost of doing business in Hawaii all contribute to high child  
9 care costs that many families cannot afford. In many cases, the  
10 costs for child care for two children are as much as one full-  
11 time working parent would make in a year after taxes. Not  
12 surprisingly, in many families, one parent will leave the  
13 workforce to care for their children on a full-time basis,  
14 instead of enrolling the children in child care.

15           The purpose of this Act is to reduce the cost of operating  
16 a child care facility by alleviating some of the unduly



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1 burdensome regulations and providing an income tax incentive.

2 Specifically, this Act:

3 (1) Provides a state tax credit for the county property  
4 taxes that are paid on a qualified group child care  
5 home similar to the real property tax exemption that  
6 is allowed for group child care centers;

7 (2) Allows individuals to care for up to three children  
8 without being subject to child care regulations;

9 (3) Increases the number of children allowed at certain  
10 child care facilities; and

11 (4) Reinstates the option, removed by Act 161, Session  
12 Laws of Hawaii 2017, for family child care homes to  
13 forego obtaining costly liability insurance.

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

17 "§235- Tax credit for group child care home real  
18 property taxes. (a) Any taxpayer who files an individual  
19 income tax return for a taxable year may claim an income tax  
20 credit under this section against the Hawaii state individual  
21 net income tax.



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1       (b) The tax credit shall be equal to the real property tax  
2 owed and paid by the taxpayer in the tax year for the portion of  
3 the real property used exclusively for a group child care home  
4 licensed pursuant to section 346-161.

5       (c) If the tax credit claimed by the taxpayer under this  
6 section exceeds the amount of the income tax payments due from  
7 the taxpayer, the excess of credit over payments due shall be  
8 refunded to the taxpayer; provided that the tax credit properly  
9 claimed by a taxpayer who has no income tax liability shall be  
10 paid to the taxpayer; and provided that no refunds or payments  
11 on account of the tax credit allowed by this section shall be  
12 made for amounts less than \$1.

13       (d) The director of taxation shall prepare any forms that  
14 may be necessary to claim a credit under this section, may  
15 require proof of the claim for the tax credit, and may adopt  
16 rules pursuant to chapter 91 to administer the credit.

17       (e) All of the provisions relating to assessments and  
18 refunds under this chapter and under section 231-23(c)(1) shall  
19 apply to the tax credit under this section.

20       (f) Claims for the tax credit under this section,  
21 including any amended claims, shall be filed on or before the



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1 end of the twelfth month following the taxable year for which  
2 the credit may be claimed. Failure to comply with the foregoing  
3 provision shall constitute a waiver of the right to claim the  
4 credit."

5 SECTION 3. Section 346-151, Hawaii Revised Statutes, is  
6 amended by amending the definitions of "family child care home"  
7 and "group child care home" to read as follows:

8 "Family child care home" means a private residence,  
9 including a home, apartment, unit, or townhouse, as those terms  
10 are defined in section 502C-1, at which care may be provided for  
11 three to no more than [~~six~~] ten children who are unrelated to  
12 the caregiver by blood, marriage, or adoption, at any given  
13 time.

14 "Group child care home" means a facility, which may be an  
15 extended or modified private home, at which care is provided for  
16 seven to [~~twelve~~] sixteen children."

17 SECTION 4. Section 346-152, Hawaii Revised Statutes, is  
18 amended by amending subsection (a) to read as follows:

19 "(a) Nothing in this part shall be construed to include:

20 (1) A person caring for children related to the caregiver  
21 by blood, marriage, or adoption;



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- 1           (2) A person, group of persons, or facility caring for a  
2           child less than six hours a week;
- 3           (3) A kindergarten, school, or child care program licensed  
4           or certified by the department of education or the  
5           United States Department of Defense and located on  
6           federal property;
- 7           (4) A program that provides exclusively for a specialized  
8           training or skill development for children, including  
9           but not limited to programs providing activities such  
10          as athletic sports, foreign language, the Hawaiian  
11          language, dance, drama, music, or martial arts;
- 12          (5) A multiservice organization or community association,  
13          duly incorporated under the laws of the State, that  
14          operates for the purpose of promoting recreation,  
15          health, safety, or social group functions for eligible  
16          pupils in public and private schools through seventeen  
17          years of age;
- 18          (6) Programs for children four years of age and older that  
19          operate for no more than two consecutive calendar  
20          weeks in a three-month period;



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- 1           (7) A provider agency operating or managing a homeless  
2           facility or any other program for homeless persons  
3           authorized under part XVII;
- 4           (8) After-school, weekend, and summer recess programs  
5           conducted by the department of education pursuant to  
6           section 302A-408;
- 7           (9) Child care programs conducted by counties pursuant to  
8           section 302A-408; provided that each county adopts  
9           rules for its programs;
- 10          (10) Any person who enters a home in a child caring  
11          capacity and only cares for children who are of that  
12          household;
- 13          (11) A person caring for [~~two~~] three or fewer children  
14          unrelated to the caregiver by blood, marriage, or  
15          adoption; and
- 16          (12) A child care program licensed by the Hawaii council of  
17          private schools. A child care program claiming an  
18          exemption under this paragraph shall submit an  
19          application for the exemption on a form provided by  
20          the department and shall provide to the department  
21          evidence that the licensing standards of the Hawaii



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1 council of private schools meet or exceed the  
2 department's standards for a comparable program,  
3 including a monitoring component. Upon application of  
4 a child care program for the exemption under this  
5 paragraph, the department shall have the discretion to  
6 determine whether the licensing standards of the  
7 Hawaii council of private schools meet or exceed the  
8 department's standards."

9 SECTION 5. Section 346-157, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 "§346-157 Liability insurance coverage [~~requirement~~].

12 (a) For the purpose of this section, "liability insurance  
13 coverage" means a general casualty insurance policy issued to a  
14 provider insuring against legal liability for injury resulting  
15 from negligence to a child during the time the child is under  
16 the care of the child care provider.

17 (b) The department shall require all [~~providers~~] group  
18 child care centers and group child care homes to obtain and  
19 maintain liability insurance coverage in an amount determined by  
20 the department as a condition of licensure, temporary  
21 permission, or registration to operate a child care facility.



1 (c) The department, as a condition of continued licensure,  
2 temporary permission, or registration, shall require all  
3 [providers] family child care homes that have obtained and  
4 maintain liability insurance coverage and all group child care  
5 centers and group child care homes to disclose in writing to  
6 each parent or guardian:

7 (1) Applying to have a child cared for at the provider's  
8 facility, summary information including the insurer's  
9 name and contact information, coverage amounts, and  
10 effective dates for the provider's liability insurance  
11 coverage at the time of application; or

12 (2) Within seven working days of any change, cancellation,  
13 or termination of liability insurance coverage, that  
14 the coverage has been changed, canceled, or terminated  
15 while the parent's or guardian's child is cared for at  
16 the provider's facility.

17 (d) The department, as a condition of continued licensure,  
18 temporary permission, or registration, shall require all family  
19 child care homes that have not obtained and maintained liability  
20 insurance coverage to disclose in writing to each parent or  
21 guardian applying to have a child cared for at the family child



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1 care home that the family child care home has no liability  
2 insurance coverage at the time of application.

3 ~~[(d)]~~ (e) The department may suspend or revoke a license,  
4 temporary permit, or certificate of registration of a provider  
5 in accordance with section 346-164 or 346-175, if:

6 (1) The provider or any employee of the provider knowingly  
7 makes a false statement to any person concerning the  
8 provider's liability insurance coverage; or

9 (2) The provider does not comply with the insurance  
10 coverage and disclosure requirements of this section  
11 and rules adopted by the department pursuant to this  
12 section.

13 ~~[(e)]~~ (f) Proof of liability insurance coverage as  
14 required by this section shall be verified by the department on  
15 an annual basis."

16 SECTION 6. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 7. This Act shall take effect upon its approval.

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INTRODUCED BY:

*Guthrie Threlkeld B/R*  
By Request

JAN 12 2018



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**Report Title:**

Child Care; Family Child Care Home; Group Child Care Home; Preschool; Liability Insurance; County Real Property Tax Credit

**Description:**

Authorizes an individual to care for up to 3 children, unrelated to the caregiver, without being subject to child care requirements. Removes requirement that family child care homes obtain insurance. Authorizes family child care homes to care for up to 10 children. Authorizes group child care homes to care for up to 16 children. Provides a tax credit for county real property taxes paid for portions of homes used exclusively for group child care homes.

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

