
A BILL FOR AN ACT

RELATING TO CHILD CARE.

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

1 SECTION 1. The purpose of this Act is to provide tax
2 relief to defray child care costs for working families in the
3 State and thereby make it easier for parents to work.

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

7 "§235- Child tax credit. (a) For each resident
8 taxpayer who files an individual income tax return for a taxable
9 year, who is not claimed or is not otherwise eligible to be
10 claimed as a dependent by another taxpayer for federal or Hawaii
11 state individual income tax purposes, and who maintains a
12 household that includes as a member one or more qualifying
13 relatives, there shall be allowed as a credit against the tax
14 imposed by this chapter for the taxable year \$1,000 per
15 qualifying relative.

16 (b) For the purposes of this section, "qualifying
17 relative" means an individual who:



- 1 (1) Is the taxpayer's child, stepchild, foster child,
2 sibling, or step-sibling, or a descendant of any of
3 these, including any child lawfully placed with the
4 taxpayer for adoption;
- 5 (2) Was under age seventeen at the end of the taxable year
6 for which the credit is claimed;
- 7 (3) Did not provide more than half of the individual's own
8 support;
- 9 (4) Is claimed as a dependent on the taxpayer's state
10 income tax return; and
- 11 (5) Is a resident of the State of Hawaii and resided with
12 the taxpayer for more than half of the taxable year
13 for which the credit is claimed.
- 14 (c) A tax credit described in subsection (a) may only be
15 claimed by an individual filing an individual return with a
16 Hawaii adjusted gross income of less than \$75,000, or by a
17 married couple filing a joint return with a Hawaii adjusted
18 gross income of less than \$125,000.
- 19 (d) The tax credits shall be deductible from the
20 taxpayer's individual net income tax for the tax year in which
21 the credits are properly claimed; provided that a married couple



1 filing separate returns for a taxable year for which a joint
2 return could have been made by them shall claim only the tax
3 credits to which they would have been entitled had a joint
4 return been filed. In the event the allowed tax credits under
5 subsection (a) exceed the amount of the income tax payments due
6 from the taxpayer, the excess of credits over payments due shall
7 be refunded to the taxpayer; provided that allowed tax credits
8 properly claimed by an individual who has no income tax
9 liability shall be paid to the individual; provided further that
10 no refunds or payments on account of the tax credits allowed by
11 this section shall be made for amounts less than \$1.

12 (e) The director of taxation shall prepare and prescribe
13 the appropriate form or forms to be used to claim credits
14 pursuant to this section, may require proof of the claim for tax
15 credits, and may adopt rules pursuant to chapter 91.

16 (f) All of the provisions relating to assessments and
17 refunds under this chapter and under section 231-23(c)(1) shall
18 apply to the tax credits in this section.

19 (g) Claims for tax credits under this section, including
20 any amended claims thereof, shall be filed on or before the end



1 of the twelfth month following the taxable year for which the
2 credit may be claimed."

3 SECTION 3. Section 235-55.6, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) Allowance of credit.

6 (1) In general. For each resident taxpayer, who files an
7 individual income tax return for a taxable year, and
8 who is not claimed or is not otherwise eligible to be
9 claimed as a dependent by another taxpayer for federal
10 or Hawaii state individual income tax purposes, who
11 maintains a household which includes as a member one
12 or more qualifying individuals (as defined in
13 subsection (b)(1)), there shall be allowed as a credit
14 against the tax imposed by this chapter for the
15 taxable year an amount equal to the applicable
16 percentage of the employment-related expenses (as
17 defined in subsection (b)(2)) paid by the individual
18 during the taxable year. If the tax credit claimed by
19 a resident taxpayer exceeds the amount of income tax
20 payment due from the resident taxpayer, the excess of
21 the credit over payments due shall be refunded to the



1 resident taxpayer; provided that tax credit properly
 2 claimed by a resident individual who has no income tax
 3 liability shall be paid to the resident individual;
 4 and provided further that no refunds or payment on
 5 account of the tax credit allowed by this section
 6 shall be made for amounts less than \$1.

7 (2) Applicable percentage. For purposes of paragraph (1),
 8 the taxpayer's applicable percentage shall be
 9 determined as follows:

Adjusted gross income	Applicable percentage
Not over [\$25,000] <u>\$22,000</u>	[25%] <u>30%</u>
<u>Over \$22,000 but</u>	<u>25%</u>
<u>not over \$25,000</u>	
Over \$25,000 but	24%
not over \$30,000	
Over \$30,000 but	23%
not over \$35,000	
Over \$35,000 but	22%
not over \$40,000	
Over \$40,000 [but	[21%]
not over \$45,000	



1 ~~Over \$45,000]~~ but 20%
2 not over \$50,000
3 Over \$50,000 15%."

4 SECTION 4. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 5. This Act shall apply to taxable years beginning
7 after December 31, 2018.

8



Report Title:

Income Tax Credit; Child Care; Working Families; Child Tax Credit

Description:

Establishes a new child tax credit of \$1,000 and changes percentages of costs for household and dependent care services that may be claimed as tax credits by families in certain income brackets. (SD1)

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