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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. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to part III to be appropriately  
3 designated and to read as follows:

4           "§235-       Child tax credit. (a) Any taxpayer who files  
5 an individual income tax return for a taxable year may claim an  
6 income tax credit under this section against the Hawaii state  
7 individual net income tax.

8           (b) Each individual taxpayer may claim a tax credit for  
9 each qualifying child of the taxpayer in accordance with the  
10 table below; provided that a husband and wife filing separate  
11 tax returns for a taxable year for which a joint return could  
12 have been filed by them shall claim only the tax credit to which  
13 they would have been entitled had a joint return been filed.

14           Adjusted gross income           Credit per qualifying child  
15           for taxpayers filing  
16           a single return and  
17           married individuals filing



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1	<u>separate returns</u>	
2	<u>Not over \$35,000</u>	<u>\$500</u>
3	<u>Over \$35,000 but not over \$75,000</u>	<u>\$250</u>
4	<u>Over \$75,000</u>	<u>\$ 0.</u>
5	<u>Adjusted gross income</u>	<u>Credit per qualifying child</u>
6	<u>for heads of household</u>	
7	<u>Not over \$55,000</u>	<u>\$500</u>
8	<u>Over \$55,000 but not over \$107,500</u>	<u>\$250</u>
9	<u>Over \$107,500</u>	<u>\$ 0.</u>
10	<u>Adjusted gross income</u>	<u>Credit per qualifying child</u>
11	<u>for married couples</u>	
12	<u>filing joint returns</u>	
13	<u>and surviving spouses</u>	
14	<u>Not over \$75,000</u>	<u>\$500</u>
15	<u>Over \$75,000 but not over \$140,000</u>	<u>\$250</u>
16	<u>Over \$140,000</u>	<u>\$ 0.</u>

17 This credit is available only to Hawaii residents. Any part-  
 18 year resident entitled to a credit under this section shall  
 19 receive a proportional credit reflecting the part of the year in  
 20 which the part-year resident was domiciled in Hawaii.



1        (c) In the case of divorced parents or parents who do not  
2 live together, if the qualifying child is in the custody of one  
3 or both of the child's parents for more than one-half of a  
4 calendar year, the child is the qualifying child of the  
5 custodial parent for the taxable year beginning during the  
6 calendar year. However, the child may be the qualifying child  
7 of the noncustodial parent if either of the following  
8 requirements are met:

9        (1) A court of competent jurisdiction has unconditionally  
10 awarded, in writing, the noncustodial parent the tax  
11 credit authorized under this section and the  
12 noncustodial parent attaches a copy of the court order  
13 to the noncustodial parent's income tax return for the  
14 taxable year; or

15        (2) The custodial parent signs a written declaration that  
16 the custodial parent shall not claim the credit of  
17 this section with respect to the child for any taxable  
18 year beginning in the calendar year and the  
19 noncustodial parent attaches the written declaration  
20 to the noncustodial parent's income tax return for the  
21 taxable year beginning during the calendar year.



1        (d) The credit allowed under this section shall be claimed  
2 against the net income tax liability for the taxable year. If  
3 the tax credit under this section exceeds the taxpayer's income  
4 tax liability, the excess of the tax credit over liability may  
5 be used as a credit against the taxpayer's net income tax  
6 liability in subsequent years until exhausted. All claims,  
7 including amended claims, for a tax credit under this section  
8 shall be filed on or before the end of the twelfth month  
9 following the close of the taxable year for which the credit may  
10 be claimed. Failure to comply with the foregoing provision  
11 shall constitute a waiver of the right to claim the credit.

12        (e) The director of taxation:

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

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

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



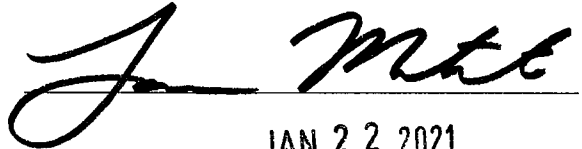
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1        (f) As used in this section, "qualifying child" has the  
2 meaning as defined in section 24(c) of the Internal Revenue  
3 Code."

4        SECTION 2. New statutory material is underscored.

5        SECTION 3. This Act, upon its approval, shall apply to  
6 taxable years beginning after December 31, 2020.

7

INTRODUCED BY:   
JAN 22 2021



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**Report Title:**

Income Tax; Child Tax Credit

**Description:**

Establishes a nonrefundable state child tax credit.

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

