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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 be appropriately designated  
3 and to read as follows:

4           "§235-       Child care costs; income tax credit. (a) There  
5 shall be allowed to each eligible taxpayer subject to the taxes  
6 imposed by this chapter, an income tax credit, which shall be  
7 deductible from the eligible taxpayer's net income tax  
8 liability, if any, imposed by this chapter for the taxable year  
9 in which the credit is properly claimed.

10           The amount of the credit shall be           per cent of the  
11 qualifying costs incurred and paid by the eligible taxpayer  
12 during the taxable year for child care for an eligible child;  
13 provided that the credit shall not exceed \$           per eligible  
14 child in a taxable year. No taxpayer who claims a credit under  
15 this section shall claim any other credit for the same  
16 qualifying costs.



1        (b) The credit allowed under this section shall be claimed  
2 against the net income tax liability for the taxable year.

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

13        (d) The director of taxation shall prepare any forms that  
14 may be necessary to claim a credit under this section. The  
15 director may also require the taxpayer to furnish information to  
16 ascertain the validity of the claim for credit made under this  
17 section and may adopt rules necessary to effectuate the purposes  
18 of this section pursuant to chapter 91.

19        (e) The credit allowed under this section shall be  
20 available for taxable years beginning after December 31, 2018.

21        (f) As used in this section:



1       "Eligible child" means a person up to the age of four years  
2 who is:

3       (1) The biological or adopted child; or

4       (2) Under the legal guardianship,

5 of an eligible taxpayer.

6       "Eligible taxpayer" means a taxpayer who:

7       (1) Is the parent or legal guardian of an eligible child;

8       and

9       (2) Is not claimed or is not otherwise eligible to be

10 claimed as a dependent by another taxpayer for Hawaii

11 state income tax purposes.

12       "Net income tax liability" means net income tax liability

13 reduced by all other credits allowed under this chapter.

14       "Qualifying costs" means any cost incurred and paid by the

15 eligible taxpayer after December 31, 2018, for child care for an

16 eligible child at a child care facility, as defined in section

17 346-151; provided that "qualifying costs" shall not include any

18 cost of attendance at a public or private preschool or

19 elementary school."

20       SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act shall take effect on July 1, 3000, and  
2 shall apply to taxable years beginning after December 31, 2018.



**Report Title:**

Child Care Costs; Income Tax Credit

**Description:**

Provides a nonrefundable tax credit for eligible taxpayers for child care costs for children up to four years of age. (HB1718 HD1)

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

