
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; provided that the credit shall not
13 exceed \$3,000 per eligible child in a taxable year. No taxpayer
14 who claims a credit under this section shall claim any other
15 credit for the same qualifying costs.

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



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

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

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

19 (f) As used in this section:

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



1 (1) The biological or adopted child; or

2 (2) Under the legal guardianship,

3 of an eligible taxpayer.

4 "Eligible taxpayer" means a taxpayer who:

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

6 and

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

8 claimed as a dependent by another taxpayer for Hawaii

9 state income tax purposes.

10 "Net income tax liability" means net income tax liability

11 reduced by all other credits allowed under this chapter.

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

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

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

15 346-151, or an infant and toddler child care center that is

16 registered or licensed by the department of human services;

17 provided that "qualifying costs" shall not include any cost of

18 attendance at a public or private preschool or elementary

19 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 of up to \$3,000 per eligible child per taxable year for eligible taxpayers for child care costs for children up to four years of age. Effective 7/1/3000.
(SD1)

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