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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- Tax credit for business-supported child care.

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

10 (b) The amount of the credit shall be per cent of  
11 the taxpayer's eligible business child care expenses. In the  
12 case of a partnership, S corporation, estate, or trust, the tax  
13 credit shall be based on the eligible business child care  
14 expenses incurred by the entity for the taxable year. The  
15 expenses upon which the tax credit is computed shall be  
16 determined at the entity level.



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

9        (d) All claims for a tax credit under this section,  
10 including amended claims, shall be filed on or before the end of  
11 the twelfth month following the close of the taxable year for  
12 which the tax credit may be claimed. Failure to comply with the  
13 foregoing provision shall constitute a waiver of the right to  
14 claim the tax credit.

15        (e) No other tax credit or deduction shall be claimed  
16 under this chapter for the certain expenses used to claim a tax  
17 credit under this section for the taxable year.

18        (f) The director of taxation:

19        (1) Shall prepare any forms necessary to claim a tax  
20 credit under this section;



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

4        (3) May adopt rules, pursuant to chapter 91, to effectuate  
5                    this section.

6        (g) As used in this section:

7                    "Child care facility" means a licensed child care facility  
8 as defined under section 346-151.

9                    "Eligible business child care expenses" means the sum of  
10 the amounts a taxpayer paid to a child care facility in the  
11 State to:

12        (1) Support the child care needs of the taxpayer's  
13                    employees in the taxable year, not to exceed  
14                    \$ \_\_\_\_\_ per child per taxable year; and

15        (2) Purchase child care enrollment at the child care  
16                    facility that are actually provided or reserved for  
17                    children of the taxpayer's employees, not to exceed  
18                    \$ \_\_\_\_\_ per taxable year."

19        SECTION 2. New statutory material is underscored.

20        SECTION 3. This Act shall take effect on July 1, 2050, and  
21 shall apply to taxable years beginning after December 31, 2020.



**Report Title:**

Taxation; Refundable Tax Credit; Business-supported Child Care

**Description:**

Establishes a refundable tax credit equal to an unspecified percentage of a taxpayer's eligible child care expenses. Defines eligible child care expenses to mean the sum the taxpayer paid to a child care facility in the State to: (1) support the child care needs of the taxpayer's employees in the taxable year; and (2) purchase child care slots at the child care facility that are actually provided or reserved for children of the taxpayer's employees. Effective 7/1/2050.  
(SD2)

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