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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. The purpose of this Act is to raise the  
2 dependent care tax credit to offset the high costs of caring for  
3 dependents.

4           SECTION 2. Section 235-55.6, Hawaii Revised Statutes, is  
5 amended as follows:

6           1. By amending subsection (a) to read:

7           "(a) Allowance of credit.

8           (1) In general. For each resident taxpayer, who files an  
9 individual income tax return for a taxable year, and  
10 who is not claimed or is not otherwise eligible to be  
11 claimed as a dependent by another taxpayer for federal  
12 or Hawaii state individual income tax purposes, who  
13 maintains a household which includes as a member one  
14 or more qualifying individuals (as defined in  
15 subsection (b)(1)), there shall be allowed as a credit  
16 against the tax imposed by this chapter for the  
17 taxable year an amount equal to the applicable



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1 percentage of the employment-related expenses (as  
 2 defined in subsection (b)(2)) paid by the individual  
 3 during the taxable year. If the tax credit claimed by  
 4 a resident taxpayer exceeds the amount of income tax  
 5 payment due from the resident taxpayer, the excess of  
 6 the credit over payments due shall be refunded to the  
 7 resident taxpayer; provided that tax credit properly  
 8 claimed by a resident individual who has no income tax  
 9 liability shall be paid to the resident individual;  
 10 and provided further that no refunds or payment on  
 11 account of the tax credit allowed by this section  
 12 shall be made for amounts less than \$1.

13 (2) Applicable percentage. For purposes of paragraph (1),  
 14 the taxpayer's applicable percentage shall be  
 15 determined as follows:

Adjusted gross income	Applicable percentage
Not over \$25,000	[25%] _____ %
Over \$25,000 but not over \$30,000	[24%] _____ %
Over \$30,000 but	[23%] _____ %
not over \$35,000	



1 Over \$35,000 but [22%] \_\_\_\_\_ %

2 not over \$40,000

3 Over \$40,000 but [21%] \_\_\_\_\_ %

4 not over \$45,000

5 Over \$45,000 but [20%] \_\_\_\_\_ %

6 not over \$50,000

7 Over \$50,000 [15%] \_\_\_\_\_ %."

8 2. By amending subsection (c) to read:

9 "(c) Dollar limit on amount creditable. The amount of the  
10 employment-related expenses incurred during any taxable year  
11 which may be taken into account under subsection (a) shall not  
12 exceed:

13 (1) [~~\$2,400~~] \$ \_\_\_\_\_ if there is one qualifying  
14 individual with respect to the taxpayer for such  
15 taxable year, or

16 (2) [~~\$4,800~~] \$ \_\_\_\_\_ if there are two or more  
17 qualifying individuals with respect to the taxpayer  
18 for such taxable year.

19 The amount determined under paragraph (1) or (2) (whichever is  
20 applicable) shall be reduced by the aggregate amount excludable  
21 from gross income under section 129 (with respect to dependent



1 care assistance programs) of the Internal Revenue Code for the  
2 taxable year."

3 SECTION 3. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act, upon its approval, shall apply to  
6 taxable years beginning after December 31, 2019.

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INTRODUCED BY:

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**Report Title:**

Income Tax Credit; Expenses for Household and Dependent Care Services Necessary for Gainful Employment

**Description:**

Amends the income tax credit for expenses for household and dependent care services necessary for gainful employment by changing the taxpayer's applicable percentage of employment-related expenses that constitutes the tax credit and cap amount.

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