

JAN 17 2020

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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 care facility contribution tax credit.

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 fifty per cent of  
11 the amount of the monetary contribution the taxpayer makes to a  
12 child care facility in the State.

13           (c) If the tax credit claimed by the taxpayer exceeds the  
14 amount of income tax payment due from the taxpayer, the excess  
15 of the credit over payments due shall be refunded to the  
16 taxpayer; provided that a tax credit under this section properly  
17 claimed by an individual who has no income tax liability shall



1 be paid to the taxpayer; and provided further that no refunds or  
2 payment on account of the tax credit allowed by this section  
3 shall be made for amounts less than \$1.

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

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

13 (f) A taxpayer shall not be eligible to claim a tax credit  
14 under this section if the taxpayer is claiming a credit under  
15 section 235-55.6 in the same taxable year.

16 (g) The director of taxation:

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

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



1        (3) May adopt rules, pursuant to chapter 91, to effectuate  
2            this section.

3        (h) As used in this section:

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

6        "Monetary contribution" means:

7        (1) Donating money for the establishment or operation of a  
8            child care facility;

9        (2) Donating money to establish a grant or loan program  
10           for a parent or parents in the State requiring  
11           financial assistance for child care;

12        (3) Pooling moneys of several businesses and donating the  
13           moneys for the establishment of a child care facility  
14           in the State; or

15        (4) Donating money for the training of child care  
16           providers in the State."

17        SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act, upon its approval, shall apply to  
2 taxable years beginning after December 31, 2019.

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INTRODUCED BY:

transmitted 7



# S.B. NO. 2289

**Report Title:**

Taxation; Refundable Tax Credit; Promotion of Child Care Facilities

**Description:**

Establishes a child care facility contribution refundable tax credit that is equal to 50% of the amount of the monetary contribution a taxpayer makes to a child care facility in the State. Prohibits a taxpayer from claiming both the child care contribution tax credit and the credit for employment-related expenses for household and dependent care services under section 235-55.6, HRS. Applies to taxable years beginning after December 31, 2019.

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

