
A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 235-55.6, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:
3 "(a) Allowance of credit.
4 (1) In general. For each resident taxpayer, who files an
5 individual income tax return for a taxable year, and
6 who is not claimed or is not otherwise eligible to be
7 claimed as a dependent by another taxpayer for federal
8 or Hawaii state individual income tax purposes, who
9 maintains a household which includes as a member one
10 or more qualifying individuals (as defined in
11 subsection (b)(1)), there shall be allowed as a credit
12 against the tax imposed by this chapter for the
13 taxable year an amount equal to the applicable
14 percentage of the employment-related expenses (as
15 defined in subsection (b)(2)) paid by ~~such~~ the
16 individual during the taxable year. If the tax credit
17 claimed by a resident taxpayer exceeds the amount of
18 income tax payment due from the resident taxpayer, the



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

9 (2) Applicable percentage [defined]. For purposes of
 10 paragraph (1), the [~~term "applicable percentage" means~~
 11 ~~twenty five per cent reduced (but not below fifteen~~
 12 ~~per cent) by one percentage point of each \$2,000 (or~~
 13 ~~fraction thereof) by which the taxpayer's adjusted~~
 14 ~~gross income for the taxable year exceeds \$22,000.]
 15 taxpayer's applicable percentage shall be determined
 16 as follows:~~

| <u>Adjusted gross income</u> | <u>Applicable percentage</u> |
|------------------------------|------------------------------|
| 17 <u>Not over \$25,000</u> | <u>25%</u> |
| 18 <u>Over \$25,000 but</u> | <u>24%</u> |
| 19 <u>not over \$30,000</u> | |
| 20 <u>Over \$30,000 but</u> | <u>23%</u> |

| | | |
|---|--------------------------|--------------|
| 1 | <u>not over \$35,000</u> | |
| 2 | <u>Over \$35,000 but</u> | <u>22%</u> |
| 3 | <u>not over \$40,000</u> | |
| 4 | <u>Over \$40,000 but</u> | <u>21%</u> |
| 5 | <u>not over \$45,000</u> | |
| 6 | <u>Over \$45,000 but</u> | <u>20%</u> |
| 7 | <u>not over \$50,000</u> | |
| 8 | <u>Over \$50,000</u> | <u>15%."</u> |

9 SECTION 2. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 3. This Act shall take effect on July 1, 2030, and
12 shall apply to taxable years beginning after December 31, 2014.

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 manner in which the taxpayer's applicable percentage is determined. (SD1)

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