
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



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	[24%] _____ %
not over \$30,000	
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 qualifying
 17 individuals with respect to the taxpayer for such
 18 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 shall take effect on July 1, 2050, and
6 shall apply to taxable years beginning after December 31, 2018.



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. Effective 7/1/2050. (SD1)

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