
A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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- Refundable child tax credit. (a) Each
5 qualifying individual taxpayer may claim a refundable child tax
6 credit. The tax credit, for the appropriate taxable year, shall
7 be twenty per cent of the federal child tax credit allowed and
8 properly claimed under the Internal Revenue Code and reported as
9 such on the individual's federal income tax return.

10 (b) For a part-year resident, the tax credit shall equal
11 the amount of the tax credit calculated in subsection (a)
12 multiplied by the ratio of Hawaii adjusted gross income to
13 federal adjusted gross income.

14 (c) For purposes of this section, "qualifying individual
15 taxpayer" means a taxpayer who:



- 1 (1) Files a federal income tax return for the taxable year
2 claiming the child tax credit under the Internal
3 Revenue Code; and
- 4 (2) Files a Hawaii income tax return using the filing
5 status used on the federal income tax return for the
6 taxable year and claiming the same dependents claimed
7 on the federal income tax return for the taxable year.
- 8 (d) The credit allowed under this section shall be claimed
9 against the net income tax liability for the taxable year. If
10 the tax credit under this section exceeds the taxpayer's income
11 tax liability, the excess of the tax credit over liability shall
12 be refunded to the taxpayer; provided that the tax credit
13 claimed by a taxpayer who has no income tax liability shall be
14 paid to the taxpayer; provided further that no refunds or
15 payment on account of the tax credit allowed by this section
16 shall be made for amounts less than \$1. All claims, including
17 amended claims, for a tax credit under this section shall be
18 filed on or before the end of the twelfth month following the
19 close of the taxable year for which the credit may be claimed.
20 Failure to comply with the foregoing provision shall constitute
21 a waiver of the right to claim the credit.



1 (e) No credit shall be allowed under this section for any
2 taxable year in the disallowance period. For purposes of this
3 subsection, the disallowance period is:

4 (1) The period of ten taxable years after the most recent
5 taxable year for which there was a final
6 administrative or judicial decision that the
7 taxpayer's claim for credit under this section was due
8 to fraud; and

9 (2) The period of two taxable years after the most recent
10 taxable year for which there was a final
11 administrative or judicial decision disallowing the
12 taxpayer's claim for credit.

13 (f) The director of taxation:

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

16 (2) May require proof of the claim for the tax credit;

17 (3) Shall alert eligible taxpayers of the tax credit using
18 appropriate and available means;

19 (4) Shall prepare an annual public report to the
20 legislature and the governor containing the:



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- 1 (A) Number of credits granted for the prior calendar
- 2 year;
- 3 (B) Total amount of the credits granted; and
- 4 (C) Average value of the credits granted to taxpayers
- 5 whose adjusted gross income falls within various
- 6 income ranges; and
- 7 (5) May adopt rules pursuant to chapter 91 to effectuate
- 8 this section.
- 9 (g) This section shall apply to taxable years beginning
- 10 after December 31, 2019."

11 SECTION 2. New statutory material is underscored.

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

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Report Title:

Tax Credits; Refundable Child Tax Credit; Federal Child Tax Credit

Description:

Establishes a refundable income tax credit equal to twenty per cent of the federal child tax credit allowed and properly claimed on a taxpayer's federal tax return.

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