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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- Tax credit for business-supported child care.

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 \_\_\_\_\_ per cent of  
11 the taxpayer's eligible business child care expenses.

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



1 payment on account of the tax credit allowed by this section  
2 shall be made for amounts less than \$1.

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

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

12 (f) The director of taxation:

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

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

18 (3) May adopt rules, pursuant to chapter 91, to effectuate  
19 this section.

20 (g) As used in this section:



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

3 "Eligible business child care expenses" means the sum of  
4 the amounts a taxpayer paid to a child care facility in the  
5 State to:

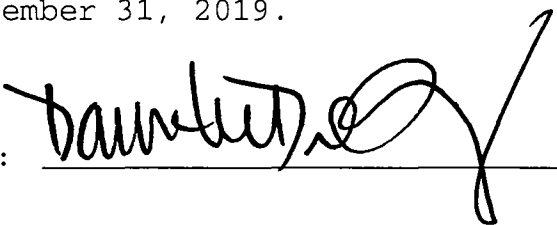
6 (1) Support the child care needs of the taxpayer's  
7 employees in the taxable year, not to exceed \$ \_\_\_\_\_ per  
8 child per taxable year; and

9 (2) Purchase child care slots at the child care facility  
10 that are actually provided or reserved for children of  
11 the taxpayer's employees, not to exceed \$ \_\_\_\_\_ per  
12 taxable year."

13 SECTION 2. New statutory material is underscored.

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

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INTRODUCED BY: 

# S.B. NO. 2291

**Report Title:**

Taxation; Refundable Tax Credit; Business-Supported Child Care

**Description:**

Establishes a refundable tax credit equal to an unspecified percentage of a taxpayer's eligible child care expenses. Defines eligible child care expenses to mean the sum of the taxpayer paid to a child care facility in the State to: (1) support the child care needs of the taxpayer's employees in the taxable year; and (2) purchase child care slots at the child care facility that are actually provided or reserved for children of the taxpayer's employees. Applies to taxable years beginning after December 31, 2019.

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