

Honolulu, Hawaii

FEB 12 2007

RE: S.B. No. 1495
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Human Services and Public Housing, to which was referred S.B. No. 1495 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Provide an additional personal exemption for any dependent age eighteen and younger for households with \$200,000 or less in federal adjusted gross income;
- (2) Increase the dependent care employment-related expense credit expenditure ceiling to \$5,000 per dependent; and
- (3) Make several amendments to section 235-55.6, Hawaii Revised Statutes, to conform to the Internal Revenue Code.

The Governor and the Department of Taxation submitted testimony in support of this measure.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, if passed, would result in a revenue loss to the State of approximately \$25,900,000 each year. However, the fiscal impact statement submitted did not specify the methodology by which the fiscal impact was calculated.



Your Committee finds that many families in Hawaii face the dual challenge of raising children while taking care of aging parents. This measure will provide individuals with tax relief to help defray the financial cost of dependent care.

Your Committee has amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1495, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1495, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on
behalf of the members of the
Committee on Human Services and
Public Housing,


SUZANNE CHUN OAKLAND, Chair



