

Honolulu, Hawaii

APR 10 2015

RE: H.B. No. 1182
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1182, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to address the income tax credit for expenses for household and dependent care services necessary for gainful employment.

More specifically, this measure changes the applicable percentage for calculating the tax credit.

Your Committee received testimony in support of this measure from Catholic Charities Hawaii, Hawaii Appleseed Center for Law and Economic Justice, Hawaii Laborers Union Local 368, ILWU Local 142, and PHOCUSED. Your Committee received comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that the high cost of living in Hawaii makes it difficult for some families to afford basic living costs, such as housing and child care. This measure would expand the income tax credit for expenses for household and dependent care services necessary for gainful employment by providing a modest increase in the dependent care credit and lowering the income thresholds at which the additional credit may be claimed. Your Committee believes that this measure will provide some financial



relief for working low-income households that have costs related to child care or care for an elderly or incapacitated adult.

Your Committee has amended this measure by making a technical nonsubstantive amendment to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1182, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1182, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



JILL N. TOKUDA, Chair



