

Honolulu, Hawaii

February 8, 2018

RE: H.B. No. 1718
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Health & Human Services, to which was referred H.B. No. 1718 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to assist families with young children by creating a nonrefundable tax credit for child care costs.

The Hawaii Appleseed Center for Law and Economic Justice, Hawaii Children's Action Network, and Americans for Democratic Action Hawaii supported this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments.

Your Committee notes that the cost of infant or child care in Hawaii is challenging for families and respectfully requests that the Hawaii Appleseed Center for Law and Economic Justice and Hawaii Children's Action Network work together with the Department of Taxation to determine whether it is more appropriate to focus the tax credits in this measure on low- and middle-income families or to amend existing tax credits to accomplish the same purpose.

Your Committee further notes that, for the purposes of this measure, the definition for "child care facility" is potentially broad. Your Committee is concerned that this may cause a loophole




by which costs that were not intended to be covered are nevertheless credited to the eligible taxpayer. Should this measure receive further consideration by your Committee on Finance, your Committee requests that this concern be examined.

Your Committee has amended this measure by changing the effective date to July 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Health & Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1718, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1718, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Health & Human
Services,


JOHN M. MIZUNO, Chair



