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,

MOHN M. MIZUNO/CI

State of Hawaii House of Representatives The Twenty-ninth Legislature

Record of Votes of the Committee on Health & Human Services

HB 1718	Committee Referral: HHS, FIN	J Date	1-25-18	?
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
HHS Members	Ayes	Ayes (WR)	Nays	Excused
1. MIZUNO, John M. (C)	V			
2 VODAVACIII Bartura I (VC)				
2. KOBAYASHI, Bertrand (VC)				
3. BELATTI, Della Au			Mark Mark and the second of th	
4. LEARMONT, Lei R.			antina alikuta an i antika dang atau di di sisah	
5. TUPOLA, Andria P.L.				\ \(\begin{array}{c} \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\
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TOTAL (5)	5			2
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				