

STAND. COM. REP. NO. **2777**

Honolulu, Hawaii

**MAR 02 2018**

RE: S.B. No. 2905  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2905, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ON-SITE EARLY CHILDHOOD FACILITIES, "

begs leave to report as follows:

The purpose and intent of this measure is to improve access to early childhood care and learning programs in the State.

More specifically, this measure:

- (1) Establishes a refundable income tax credit for employers who create on-site early childhood facilities; and
- (2) Establishes and appropriates funds for one full-time on-site early childhood facility coordinator position.

Your Committee received written comments in support of this measure from the Executive Office on Early Learning; Hawaii Children's Action Network; and OCC Legislative Priorities Committee, Democratic Party of Hawaii.

Your Committee received written comments on this measure from the Department of Human Services; Department of Taxation; and Tax Foundation of Hawaii.



Your Committee finds that Hawaii has one of the highest costs for child care in the nation. As a result, in many families, one parent will leave the workforce to care for their children on a full-time basis instead of enrolling the children in child care. Consequently, more of Hawaii's children are entering kindergarten without the physical, cognitive, linguistic, social, and emotional skills necessary to prepare them for success in school. Your Committee further finds that the creation of on-site early childhood facilities by employers could address parents' concerns regarding child care costs and provide access to early childhood learning programs, while also improving employee retention and performance.

Your Committee has amended this measure by:

- (1) Clarifying that "qualified costs" refer to expenses incurred in acquiring, constructing, and establishing qualified on-site early childhood facilities;
- (2) Clarifying the Department of Human Services' duties with regard to certifying qualified on-site early childhood facilities and verifying taxpayers' qualified costs;
- (3) Requiring that taxpayers seeking to claim the tax credit submit information regarding their costs to the Department of Human Services;
- (4) Clarifying the provisions regarding the aggregate cap amount of the tax credit;
- (5) Clarifying the provisions regarding the refundable nature of the tax credit;
- (6) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (7) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 S.B. No. 2905, S.D. 1, as amended herein, and recommends that it pass



Third Reading in the form attached hereto as S.B. No. 2905,  
S.D. 2.

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



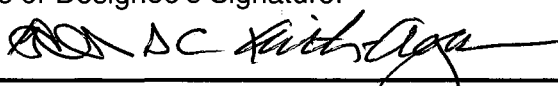
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DONOVAN M. DELA CRUZ, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB 2905, SD1</b>	Committee Referral: <b>EDU/LBR/HMS, WAM</b>	Date: <b>2/21/18</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
GALUTERIA, Brickwood	X			
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KIDANI, Michelle N.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.				X
WAKAI, Glenn	X			
<b>TOTAL</b>	10	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original            Yellow            Pink            Goldenrod File with Committee Report            Clerk's Office            Drafting Agency            Committee File Copy				

\*Only one measure per Record of Votes