

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA  
DIRECTOR

DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

**STATE OF HAWAII  
DEPARTMENT OF TAXATION**

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HONOLULU, HAWAII 96813

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To: The Honorable Donovan M. Dela Cruz, Chair  
and Members of the Senate Committee on Ways and Means

Date: Friday, March 29, 2019  
Time: 10:00 A.M.  
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: H.B. 1193, Relating to Taxation

The Department of Taxation (Department) offers the following comments on H.B. 1193 the Committee's consideration.

H.B. 1193 amends section 235-55.6, Hawaii Revised Statutes (HRS), by blanking out the applicable percentage of household and dependent care expenses necessary for gainful employment for which a taxpayer may claim an income tax credit, as well as blanking out the cap on the amount of such expenses that may be taken into account for the credit in a year. H.B. 1193 is effective upon approval and applies to taxable years beginning after December 31, 2019.

The Department notes that it can implement this measure with its current effective date.

Thank you for the opportunity to provide comments.

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Increase Dependent Care Credit

BILL NUMBER: HB 1193

INTRODUCED BY: JOHANSON, BELATTI, BROWER, CULLEN, ELI, HASHIMOTO, ICHIYAMA, KITAGAWA, B. KOBAYASHI, D. KOBAYASHI, C. LEE, LOWEN, LUKE, MATAYOSHI, MORIKAWA, NAKASHIMA, NISHIMOTO, OHNO, ONISHI, PERRUSO, SAIKI, SAN BUENAVENTURA, TAKAYAMA, TARNAS, WILDBERGER, WOODSON, YAMANE, YAMASHITA

EXECUTIVE SUMMARY: Sharply increases the amount of the dependent care credit. We question whether it is an efficient use of resources to deliver this type of support through the tax system.

SYNOPSIS: Amends HRS section 235-55.6 to increase the amount of the dependent care credit. The applicable percentages are all changed to unspecified amounts. The caps on employment-related expenses incurred per taxable year are also changed to unspecified amounts.

EFFECTIVE DATE: Taxable years beginning after December 231, 2018.

STAFF COMMENTS: The dependent care credit is available only if the care provided permits taxpayers to be gainfully employed. The credit now ranges from 15% to 25% of eligible expenses. The percentage amount varies with income, with higher percentage amounts applicable to lower income taxpayers.

The credit amount was last adjusted in 1989 by Act 322, SLH 1989, which increased the credit from 10% to 15% of eligible expenses to the current amount. This measure provides a sharp increase in the dependent care credit by hoisting the applicable percentage to between 25% and 75%.

There are some issues to consider with refundable credits targeted at low-income and homeless people generally.

First, a tax return is one of the most complicated documents for government agencies to process. The administrative costs associated with each one can quickly make heads spin. Furthermore, as the U.S. Treasury has experienced with the Earned Income Tax Credit, the combination of complexity and a refundable credit result in a certain percentage of improper payouts, some due to mistake or misunderstanding, and some due to bad actors.

Second, for those in the target population who do qualify for this credit, the relief that the credit provides comes in a tax refund which is paid, at the earliest, in the early part of the year after the tax return filer needs the relief. A person who qualifies for the credit in 2017, for example, won't get a check until early 2018.

Third, as a policy matter, lawmakers might prefer that the recipient of the refund not use the money obtained on certain things, illegal drugs for example. But the tax system contains no way of restricting the uses of a refund check; other departments do have systems in place to give some assurance that the payment will go toward legitimate living expenses such as groceries (EBT, for example).

The better solution is to get such people out of the tax system entirely. They receive peace of mind because they don't have to worry about tax returns, and the department doesn't have to worry about processing those returns. If additional relief to such people is considered desirable, it can be delivered through the agencies that are better equipped to do so.

Digested 2/4/2019

**HB-1193**

Submitted on: 3/27/2019 5:12:37 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b>           | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|-------------------------------|---------------------------|---------------------------|
| Younghi Overly      | Testifying for AAUW of Hawaii | Support                   | No                        |

Comments:

Dear Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the committee,

Thank you for this opportunity to submit a testimony in support of HB1193 which would increase our state's child and dependent care tax credit. Local working families struggle to find adequate childcare. [The average annual cost of child care in our state is \\$13,000 a year](#), making it inaccessible to most families.

The American Association of University Women (AAUW) of Hawaii is a state-wide organization made up of six branches (Hilo, Honolulu, Kauai, Kona, Maui, and Windward Oahu) and includes just over 450 active members with over 1700 supporters statewide. As advocates for gender equity, AAUW of Hawaii promotes the economic, social, and physical well-being of all persons.

Thank you.

**HB-1193**

Submitted on: 3/25/2019 5:14:50 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b>  | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|--|---------------------------|---------------------------|
| Michael Golojuch Jr | Testifying for LGBT Caucus of the Democratic Party of Hawaii | Support                   | No                        |

Comments:

Aloha Senators,

The LGBT Caucus of the Democratic Party of Hawaii supports the passage of HB 1193.

Mahalo for your consideration and for the opportunity to testify.

Mahalo,

Michael Golojuch, Jr.

Chair

LGBT Caucus of the Democratic Party of Hawaii

**HB-1193**

Submitted on: 3/26/2019 10:21:44 AM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b>                 | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|-------------------------------------|---------------------------|---------------------------|
| Pride Work HI       | Testifying for Pride at Work Hawaii | Support                   | No                        |

Comments:

Aloha Senators,

Pride@Work Hawaii supports the passage of HB 1193.

Mahalo for the opportunity to testify.

Pride@Work Hawaii

**HB-1193**

Submitted on: 3/27/2019 2:53:00 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b>                      | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|--|---------------------------|---------------------------|
| Jeff Gilbreath      | Testifying for Hawaiian Community Assets | Support                   | No                        |

Comments:



**ADA**

**HAWAII**

AMERICANS FOR DEMOCRATIC ACTION

**OFFICERS**

John Bickel, President  
Alan Burdick, Vice President  
Marsha Schweitzer, Treasurer  
96823  
Dylan Armstrong, Secretary

**DIRECTORS**

Melodie Aduja  
Guy Archer  
Juliet Begley  
Gloria Borland  
Ken Farm  
Chuck Huxel  
Jan Lubin  
Jenny Nomura

**MAILING ADDRESS**

P.O. Box 23404  
Honolulu  
Hawaii

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March 28 , 2019

TO: Honorable Chair Dela Cruz & WAM Committee Members

RE: HB 1193 HD1 Relating to Taxation

Support for Hearing on March 29

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support HB 1193 HD1 as it would increase the amount that working families can claim through the dependent care tax credit as well as add automatic cost of living adjustments. This bill would help families with the high cost of child and dependent care in Hawai'i, which has serious consequences on the economic security of our people. According to the Hawai'i Early Learning Needs Assessment, the average cost of infant and toddler care in Hawai'i is \$13,500. Similarly high is the cost of elder care. This bill is a step in the right direction.

Thank you for your favorable consideration.

Sincerely,

John Bickel President







## CATHOLIC CHARITIES HAWAI'I

### TESTIMONY IN SUPPORT OF HB 1193: RELATED TO TAXATION

TO: Senator Donovan Dela Cruz, Chair, Senator Gilbert Keith-Agaran, Vice Chair;  
and Members, Committee on Ways and Means

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i

Hearing: **Friday, 3/29/19; 10:00 am; CR 211**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members, Committee on Ways and Means:

Thank you for the opportunity to provide written testimony **in support of HB 1193**, which amends the income tax credit for expenses for households and dependent care services necessary for gainful employment. I am Betty Lou Larson, with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) sees the reduction of poverty in Hawai'i as one of its top priorities. CCH has programs serving elders, children, families, the houseless and immigrants. In our work with the elderly, we see many families who want to support their loved ones, but the costs and tasks required for caregiving may make it difficult to remain employed. Families who need child care are also under incredible pressure with the high cost of child care.

The cost for full time child care can range from \$700 to \$1,100 each month. Even more expensive is the costs to care for infants and toddlers. The average cost of child care is \$13,000 per year. I personally have a friend who is facing the dilemma of the cost of child care versus her work income. Homelessness is a real possibility facing her.

As a society, we must establish supports for families to enable them to continue working. Hawaii's cost of living (65% above the national average), makes it even more difficult for families with children to avoid homelessness. AUW's 2018 ALICE report found that there are over 116,000 families with children in Hawaii. Almost 50% of them have incomes below the ALICE threshold. 31.7% of two parent households with two children make less than it takes to afford their basic needs.

We urge you to pass this bill to support local families to continue working. We must invest in our local workers and their children.

Please contact me at [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org), or at 373-0356, if you have any questions.





# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
Supporting HB 1193 – Relating to Taxation  
Senate Committee on Ways and Means  
Friday, March 29, 2019, 10:00 AM, conference room 211

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Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to provide testimony in **SUPPORT** of **HB 1193**, which would boost the amount that working families can claim through the dependent care tax credit as well as add automatic cost of living adjustments.

This bill would help address the sky-high cost of child and dependent care in Hawai'i, which has profound consequences on the economic security of our working families.

According to the Hawai'i Early Learning Needs Assessment, the average cost of infant and toddler care in Hawai'i is \$13,500. That's more than annual in-state tuition at the University of Hawai'i.

In addition, 7 in 10 children in Hawai'i live in households where both parents work, and over a quarter of children live in households headed by a single parent, leaving no full-time unpaid caregiver at home.

Meanwhile, the population of Hawai'i is both older than that of the U.S. as a whole, and is aging faster. More and more families are facing the challenges of caring for dependent kūpuna, and their numbers will continue to grow.

Please pass HB 1193 to help lessen some of the burden of the highest cost of living in the nation on our state's working families.

We appreciate your consideration of this testimony.

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*The Hawai'i Appleseed Center for Law and Economic Justice is committed to a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.*

March 27, 2019

To: Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Senate Committee on Ways and Means

From: Laura Nevitt, Director of Public Policy  
Hawaii Children's Action Network

Re: **H.B. 1193– Relating to Taxation**  
**Hawaii State Capitol, Room 211 , March 29 2019, 10:00 AM**

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**HCAN is committed to improving lives and being a strong voice advocating for Hawai'i's children. Last fall, HCAN convened input in person and online from more than 50 organizations and individuals that came forward to support or express interest for a number of issues affecting children and families in our state that resulted in the compilation of 2019 Hawai'i Children's Policy Agenda, which can be accessed at <http://www.hawaii-can.org/childrenspolicyagenda>.**

HCAN supports the amendment of the dependent care tax credit to provide economic relief and equity for families. This initiative would adjust the current tax credit structure based upon the percentage of the taxpayers adjusted gross income. The state's dependent tax credit that helps working families pay expenses for the care of children and/or adult dependents. Under this proposal, the percentage of expenses a family can claim steadily decreases as income rises, until families with AGI of \$50,000 or more reach the minimum claim rate of 25 percent.

Across all child care settings, the cost for full time care can range from \$700-\$1100 monthly. Care for infants and toddlers specifically is the most expensive with an average of \$1100 per month.

There are 116,205 families with children in Hawaii and 48.5 percent of them have income below the ALICE threshold. 31.7% of two parent and two children households make less than it takes to afford their basic needs. All Children in Hawai'i should have the opportunity to love in families that can provide for their need and invest in their future.

**For these reasons, HCAN respectfully requests that the committee pass this bill.**

*HCAN is committed to building a unified voice advocating for Hawaii's children by improving their safety, health, and education.*

**HB-1193**

Submitted on: 3/27/2019 2:52:23 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Jonathan Boyne      | Individual          | Support                   | No                        |

Comments:

**HB 1193** increases our state's child and dependent care tax credit. Local working families struggle to find adequate childcare. [The average annual cost of child care in our state is \\$13,000 a year](#), making it inaccessible to most families.

**HB-1193**

Submitted on: 3/27/2019 3:00:03 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Marilyn Mick        | Individual          | Support                   | No                        |

Comments:

**HB-1193**

Submitted on: 3/27/2019 3:06:23 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Jessie L Gonsalves  | Individual          | Support                   | No                        |

## Comments:

Childcare is very expensive and the tax credits should ne more then what you pay. A lot goes into childcare not only paying the person to watch, feed and daily routine. Mom and dad provide essentials for the childcare thats expensive.

**HB-1193**

Submitted on: 3/27/2019 3:14:41 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| donald erway        | Individual          | Support                   | No                        |

Comments:

**HB-1193**

Submitted on: 3/27/2019 5:05:39 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| William Caron       | Individual          | Support                   | No                        |

Comments:

Aloha Chair Dela Cruz,

I strongly support HB1193 to expand our state's child and dependent care tax credit. Local working families struggle to find adequate childcare in Hawai'i. [The average annual cost of child care in our state is \\$13,000 a year](#), making it inaccessible to most families. This has many negative consequences for the health and resiliency of our families, our communities, and our keiki. Our children are our future, and we need to ensure that working families are able to afford good childcare so they can continue to work and provide food and shelter. Please pass this bill.

Mahalo



**HB-1193**

Submitted on: 3/27/2019 6:53:37 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Jun Shin            | Individual          | Support                   | No                        |

Comments:

Aloha,

Our children are our future. They will inherit the world we build, and they will blow us away as amazing leaders and innovators. For our working families, families that may come in different forms such as relatives raising the children, single parents, etc, we need to help them out. We know how hard it is to live here, how people struggle, and childcare really is very costly. To help the children with their growth and development, please support this bill.

Mahalo,

**Jun Shin**

**808-255-6663**

**junshinbusiness729@gmail.com**

**1561 Kanunu St.**

**HB-1193**

Submitted on: 3/27/2019 10:23:30 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Marion McHenry      | Individual          | Support                   | No                        |

## Comments:

I am submitting testimony from Kauai. I strongly support this bill. I see many young families here on Kauai struggling to cover the cost of daycare so they can work. This bill will help those most in need.

**HB-1193**

Submitted on: 3/28/2019 2:40:46 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Kathleen Algire     | Individual          | Support                   | No                        |

Comments:

**HB-1193**

Submitted on: 3/27/2019 11:32:38 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Malia Hayes         | Individual          | Support                   | No                        |

Comments:

**HB-1193**

Submitted on: 3/28/2019 9:39:13 AM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Brandon W Duran     | Individual          | Support                   | No                        |

Comments:

**From:** [Vanessa Tom](#)  
**To:** [WAM Testimony](#)  
**Subject:** SUPPORT HB 1193 - Dependent Care Tax Credit  
**Date:** Thursday, March 28, 2019 8:58:57 AM

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**From:** vanessat10477@gmail.com <Vanessa Tom>

**Message:**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Ways and Means Committee,

I write today to ask that you support the amendment of the dependent care tax credit to provide economic relief and equity for families. This initiative would adjust the current tax credit structure based upon the percentage of the taxpayers adjusted gross income. The state's dependent tax credit that helps working families pay expenses for the care of children and/or adult dependents. Under this proposal, the percentage of expenses a family can claim steadily decreases as income rises, until families with AGI of \$50,000 or more reach the minimum claim rate of 25 percent.

Across all child care settings, the cost for full time care can range from \$700-\$1100 monthly. Care for infants and toddlers specifically is the most expensive with an average of \$1100 per month.

There are 116,205 families with children in Hawaii and 48.5 percent of them have income below the ALICE threshold. 31.7% of two parent and two children households make less than it takes to afford their basic needs. All Children in Hawai'i should have the opportunity to love in families that can provide for their need and invest in their future.

For these reasons, I respectfully ask that the committee pass this bill.

Vanessa Tom

Aiea

Hawaii

**From:** [Melanie Padgett](#)  
**To:** [WAM Testimony](#)  
**Subject:** SUPPORT HB 1193 - Dependent Care Tax Credit  
**Date:** Thursday, March 28, 2019 7:42:46 AM

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**From:** melanieandjamie@live.com <Melanie Padgett>

**Message:**

The dependent care tax credit as it currently stands is woefully insufficient to help low and mid income families mitigate the ever-rising cost of child care. Increasing the credit will go a little way more to helping them make ends meet. It's long overdue.

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Ways and Means Committee,

I write today to ask that you support the amendment of the dependent care tax credit to provide economic relief and equity for families. This initiative would adjust the current tax credit structure based upon the percentage of the taxpayers adjusted gross income. The state's dependent tax credit that helps working families pay expenses for the care of children and/or adult dependents. Under this proposal, the percentage of expenses a family can claim steadily decreases as income rises, until families with AGI of \$50,000 or more reach the minimum claim rate of 25 percent.

Across all child care settings, the cost for full time care can range from \$700-\$1100 monthly. Care for infants and toddlers specifically is the most expensive with an average of \$1100 per month.

There are 116,205 families with children in Hawaii and 48.5 percent of them have income below the ALICE threshold. 31.7% of two parent and two children households make less than it takes to afford their basic needs. All Children in Hawai'i should have the opportunity to love in families that can provide for their need and invest in their future.

For these reasons, I respectfully ask that the committee pass this bill.

Melanie Padgett

project specialist

Pukalani

Hawaii

**From:** [Lisa Uyehara](#)  
**To:** [WAM Testimony](#)  
**Subject:** SUPPORT HB 1193 - Dependent Care Tax Credit  
**Date:** Thursday, March 28, 2019 6:54:28 AM

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**From:** lavoie47@aol.com <Lisa Uyehara>

**Message:**

I am a director at a preschool in Honolulu and I see first hand how families make decisions about preschool entry and when they should do it because of the cost.

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Ways and Means Committee,

I write today to ask that you support the amendment of the dependent care tax credit to provide economic relief and equity for families. This initiative would adjust the current tax credit structure based upon the percentage of the taxpayers adjusted gross income. The state's dependent tax credit that helps working families pay expenses for the care of children and/or adult dependents. Under this proposal, the percentage of expenses a family can claim steadily decreases as income rises, until families with AGI of \$50,000 or more reach the minimum claim rate of 25 percent.

Across all child care settings, the cost for full time care can range from \$700-\$1100 monthly. Care for infants and toddlers specifically is the most expensive with an average of \$1100 per month.

There are 116,205 families with children in Hawaii and 48.5 percent of them have income below the ALICE threshold. 31.7% of two parent and two children households make less than it takes to afford their basic needs. All Children in Hawai'i should have the opportunity to love in families that can provide for their need and invest in their future.

For these reasons, I respectfully ask that the committee pass this bill.

Lisa Uyehara

Honolulu

Hawaii



**From:** [Marina Wang](#)  
**To:** [WAM Testimony](#)  
**Subject:** SUPPORT HB 1193 - Dependent Care Tax Credit  
**Date:** Thursday, March 28, 2019 6:27:10 AM

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**From:** yuqingw8@gmail.com <Marina Wang>

**Message:**

My family and I support this new bill to help low income family, please pass this bill. Thanks

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Ways and Means Committee,

I write today to ask that you support the amendment of the dependent care tax credit to provide economic relief and equity for families. This initiative would adjust the current tax credit structure based upon the percentage of the taxpayers adjusted gross income. The state's dependent tax credit that helps working families pay expenses for the care of children and/or adult dependents. Under this proposal, the percentage of expenses a family can claim steadily decreases as income rises, until families with AGI of \$50,000 or more reach the minimum claim rate of 25 percent.

Across all child care settings, the cost for full time care can range from \$700-\$1100 monthly. Care for infants and toddlers specifically is the most expensive with an average of \$1100 per month.

There are 116,205 families with children in Hawaii and 48.5 percent of them have income below the ALICE threshold. 31.7% of two parent and two children households make less than it takes to afford their basic needs. All Children in Hawai'i should have the opportunity to live in families that can provide for their need and invest in their future.

For these reasons, I respectfully ask that the committee pass this bill.

Marina Wang

HONOLULU

Hawaii

**From:** [Jonathan Boyne](#)  
**To:** [WAM Testimony](#)  
**Subject:** SUPPORT HB 1193 - Dependent Care Tax Credit  
**Date:** Thursday, March 28, 2019 5:58:15 AM

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**From:** boyne@hawaii.edu <Jonathan Boyne>

**Message:**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Ways and Means Committee,

I write today to ask that you support the amendment of the dependent care tax credit to provide economic relief and equity for families. This initiative would adjust the current tax credit structure based upon the percentage of the taxpayers adjusted gross income. The state's dependent tax credit that helps working families pay expenses for the care of children and/or adult dependents. Under this proposal, the percentage of expenses a family can claim steadily decreases as income rises, until families with AGI of \$50,000 or more reach the minimum claim rate of 25 percent.

Across all child care settings, the cost for full time care can range from \$700-\$1100 monthly. Care for infants and toddlers specifically is the most expensive with an average of \$1100 per month.

There are 116,205 families with children in Hawaii and 48.5 percent of them have income below the ALICE threshold. 31.7% of two parent and two children households make less than it takes to afford their basic needs. All Children in Hawai'i should have the opportunity to love in families that can provide for their need and invest in their future.

For these reasons, I respectfully ask that the committee pass this bill.

Jonathan Boyne

Honolulu

Hawaii

**From:** [Shay Chan Hodges](#)  
**To:** [WAM Testimony](#)  
**Subject:** SUPPORT HB 1193 - Dependent Care Tax Credit  
**Date:** Wednesday, March 27, 2019 10:12:30 PM

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**From:** shay.chanhodges@gmail.com <Shay Chan Hodges>

**Message:**

Childcare is good for our families and our economy. We need this!

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Ways and Means Committee,

I write today to ask that you support the amendment of the dependent care tax credit to provide economic relief and equity for families. This initiative would adjust the current tax credit structure based upon the percentage of the taxpayers adjusted gross income. The state's dependent tax credit that helps working families pay expenses for the care of children and/or adult dependents. Under this proposal, the percentage of expenses a family can claim steadily decreases as income rises, until families with AGI of \$50,000 or more reach the minimum claim rate of 25 percent.

Across all child care settings, the cost for full time care can range from \$700-\$1100 monthly. Care for infants and toddlers specifically is the most expensive with an average of \$1100 per month.

There are 116,205 families with children in Hawaii and 48.5 percent of them have income below the ALICE threshold. 31.7% of two parent and two children households make less than it takes to afford their basic needs. All Children in Hawai'i should have the opportunity to love in families that can provide for their need and invest in their future.

For these reasons, I respectfully ask that the committee pass this bill.

Shay Chan Hodges

Author/Writer

Haiku

Hawaii

**HB-1193**

Submitted on: 3/27/2019 3:47:46 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b>   | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|-----------------------|---------------------|---------------------------|---------------------------|
| Greg and Pat Farstrup | Individual          | Support                   | No                        |

Comments:

Please vote YES on, and support the enactment of HB 1193, which increases our state's child and dependent care tax credit. Local working families struggle to find adequate childcare.

Mahalo,

Greg and Pat Farstrup

Pauoa, O'ahu

**LATE**

**HB-1193**

Submitted on: 3/28/2019 3:17:14 PM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b>  | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|----------------------|---------------------|---------------------------|---------------------------|
| Joyce Midori Charles | Individual          | Support                   | No                        |

Comments:

To: Committee Chair Senator Donovan Dela Cruz  
Committee Vice Chair Senator Gilbert Keith-Agaran  
Committee on Ways and Means

Date: March 28, 2019

RE: **Support for HB 1193; Relating to Taxation**

The Early Childhood Action Strategy (ECAS) is a statewide public-private collaborative designed to improve the system of care for Hawai'i's youngest children and their families. ECAS brings together government and non-governmental organizations to align priorities for children prenatal to age eight, streamline services, maximize resources, and improve programs to support our youngest keiki. We strongly support HB 1193, which would amend the dependent care tax credit to provide economic relief and equity for families.

This initiative would adjust the current tax credit structure based upon the percentage of the taxpayers adjusted gross income. The state's dependent tax credit that helps working families pay expenses for the care of children and/or adult dependents. Under this proposal, the percentage of expenses a family can claim steadily decreases as income rises, until families with AGI of \$50,000 or more reach the minimum claim rate of 25 percent. The cost of child care in Hawai'i has risen over the past years and ranks as one of the highest tuition rates in the country. Across all settings, the average cost of monthly full-time tuition is \$733. For infants and toddlers, the average cost of monthly full-time care is \$1200. There are 116,205 families with children in Hawaii and 48.5 percent of them have income below the ALICE threshold. 31.7% of two-parent and two-children households make less than it takes to afford their basic needs. All Children in Hawai'i should have the opportunity to live in families that can provide for their need and invest in their future.

The childcare tax credit is designed to help working families afford the cost of care. While the cost of care has risen dramatically, child care subsidies has not and has failed to keep pace with inflation. This means parents are shouldering majority of the cost of care at unaffordable rates.

This initiative would adjust the current tax credit structure based upon the the percentage of the taxpayers adjusted gross income. The state's dependent tax credit helps working families pay expenses for the care of children and/or adult dependents and under this proposal, the percentage of expenses a family can claim steadily decreases as income rises, until families with AGI of \$50,000 or more reach the minimum claim rate of 25 percent.

We urge the committee to pass HB 1193 and amend the dependent care tax credit to provide economic relief and well-being for families.

**LATE**

**HB-1193**

Submitted on: 3/29/2019 6:19:54 AM

Testimony for WAM on 3/29/2019 10:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Seena Clowser       | Individual          | Support                   | No                        |

Comments: