

Honolulu, Hawaii
FEB 10 , 2022

RE: H.B. No. 2215
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Education, to which was referred H.B. No. 2215 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish an income tax credit for employers who create on-site early childhood facilities; and
- (2) Establish and appropriate funds for one full-time equivalent on-site early childhood facility coordinator position.

Your Committee received testimony in support of the intent of this measure from the Executive Office on Early Learning. Your Committee received comments on this measure from the Department of Taxation, Department of Human Services, Department of Budget and Finance, Early Learning Board, and Tax Foundation of Hawaii.

Your Committee finds that the cost of child care in Hawaii is among the highest in the nation, requiring some parents to remain at home with their children because of the high cost. Your Committee further finds that employers who create facilities for



early learning education on-site see greater employee retention and performance, lower absenteeism, and a more productive and positive workplace environment. This measure will help parents address concerns of child care costs and provide more opportunities for access to early childhood learning programs by providing an income tax credit for employers who create facilities for early learning education on-site.

Your Committee has amended this measure by:

- (1) Clarifying that the early childhood facility coordinator position shall assist with accreditation requirements, work with providers, and ensure appropriate facility or classroom design of on-site early childhood facilities in the State by providing technical assistance to implement a high-quality learning environment for young children;
- (2) Changing its effective date to July 1, 2050; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Should your Committee on Finance decide to deliberate on this measure, your Committee respectfully requests that it consider the concerns raised by the Department of Taxation in its testimony regarding:

- (1) Designating an agency with subject matter expertise to be the certifying agency for the on-site early childhood facility tax credit; and
- (2) The ability of the Department to administer an aggregate cap to the on-site early childhood facility tax credit as the credit claims come in with tax returns.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2215, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2215, H.D. 1, and be referred to your Committee on Economic Development.



Respectfully submitted on
behalf of the members of the
Committee on Education,



JUSTIN H. WOODSON, Chair



