

Honolulu, Hawaii

MAR 01 , 2024

RE: H.B. No. 2404
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2404 entitled:

"A BILL FOR AN ACT RELATING TO INCOME TAX,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require the Director of Taxation to annually recompute the amounts for the standard deduction, itemized deduction, income tax brackets, personal exemption, and applicable percentage used in the calculation of the Child and Dependent Care Income Tax Credit, based on a cost-of-living adjustment factor;
- (2) Make a one-time adjustment to income tax brackets;
- (3) Increase the applicable percentage of the employment-related expenses for which the Child and Dependent Care Income Tax Credit may be claimed; and
- (4) Conforms state tax laws to certain federal deductions.

Your Committee received testimony in support of this measure from the Office of the Governor; Grassroot Institute of Hawaii; Hawai'i Children's Action Network Speaks!; and one individual.



Your Committee received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; Hawaii Appleseed Center for Law and Economic Justice; and six individuals.

Your Committee finds that this measure will provide tax relief to low- and middle-income households and working families paying for child care and dependent care.

Your Committee has amended this measure by:

- (1) Deleting the requirement for the Director of Taxation to annually recompute the amounts for the standard deduction, itemized deduction, income tax brackets, personal exemption, and applicable percentage used in the calculation of the Child and Dependent Care Income Tax Credit, based on a cost-of-living adjustment factor;
- (2) Changing the adjustments to the income tax brackets to unspecified amounts;
- (3) Changing the applicable percentage and minimum applicable percentage of the employment-related expenses for which the Child and Dependent Care Income Tax Credit may be claimed to unspecified percentages;
- (4) Changing the adjusted gross income overage and annual threshold amounts used to calculate the applicable percentage to unspecified amounts;
- (5) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (6) 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2404, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2404, H.D. 1, and be placed on the calendar for Third Reading.



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



KYLE T. YAMASHITA, Chair



