

STAND. COM. REP. NO.

2661

Honolulu, Hawaii

FEB 13 2020

RE: S.B. No. 2291
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred S.B. No. 2291 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a refundable tax credit equal to an unspecified percentage of a taxpayer's eligible child care expenses to mean the sum of the taxpayer paid to a child care facility in the State to:

- (1) Support the child care needs of the taxpayer's employees in the taxable year; and
- (2) Purchase child care slots at the child care facility that are actually provided or reserved for children of the taxpayer's employees.

Your Committee received testimony in support of this measure from the Department of Human Services, American Association of University Women of Hawaii, and Early Learning Board. Your Committee received comments on this measure from the Department of Taxation and Executive Office on Early Learning.

Your Committee recognizes a responsibility to develop the State's early childhood system that delivers a spectrum of superior development and learning opportunities for children from



prenatal care to entry into kindergarten, with priority given to underserved or at-risk children.

Your Committee finds that families of young children in Hawaii need more affordable, high-quality child care options. Incentivizing employers to address their employees' child care needs through tax credits would help provide our families with the support they need.

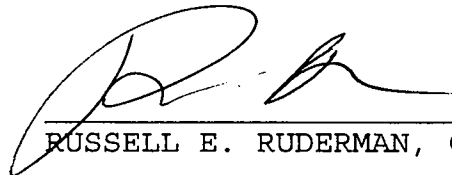
Your Committee learned through testimony that it is not specified how the tax credit will be distributed if the taxpayer is a pass-through entity.

Therefore, your Committee has amended this measure by:

- (1) Adding language suggested by the Department of Taxation; and
- (2) Making the tax credit effective for taxable years beginning after December 31, 2020.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2291, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2291, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Human Services,




RUSSELL E. RUDERMAN, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:* SB 2291	Committee Referral: HMS, WAM	Date: 2.10.2020		
<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
RUDERMAN, Russell E. (C)	✓			
RHOADS, Karl (VC)				✓
IHARA, Jr., Les	✓			
RIVIERE, Gil	✓			
FEVELLA, Kurt	✓			✓
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes