STAND. COM. REP. NO. 5

Honolulu, Hawaii FEB 1 2 2007

RE: S.B. No. 1495 S.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Madam:

Your Committee on Human Services and Public Housing, to which was referred S.B. No. 1495 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Provide an additional personal exemption for any dependent age eighteen and younger for households with \$200,000 or less in federal adjusted gross income;
- (2) Increase the dependent care employment-related expense credit expenditure ceiling to \$5,000 per dependent; and
- (3) Make several amendments to section 235-55.6, Hawaii Revised Statutes, to conform to the Internal Revenue Code.

The Governor and the Department of Taxation submitted testimony in support of this measure.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, if passed, would result in a revenue loss to the State of approximately \$25,900,000 each year. However, the fiscal impact statement submitted did not specify the methodology by which the fiscal impact was calculated.

Your Committee finds that many families in Hawaii face the dual challenge of raising children while taking care of aging parents. This measure will provide individuals with tax relief to help defray the financial cost of dependent care.

Your Committee has amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1495, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1495, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on behalf of the members of the Committee on Human Services and Public Housing,

FAZANNE CHUN OAKLAND, Chair

The Senate Twenty-Fourth Legislature State of Hawaii

Record of Votes Committee on Human Services and Public Housing HSP

SB 1495 Committee Referral: Date:				
The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:				
The Recommendation is:				
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)				
IHARA, Jr., Les (VC)				
SAKAMOTO, Norman	V			
HEMMINGS, Fred				
TOTAL	4	0	0	0
Recommendation: Adopted Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

^{*}Only one measure per Record of Votes