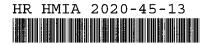
HOUSE OF REPRESENTATIVES THIRTIETH LEGISLATURE, 2020 STATE OF HAWAII H.R. NO. **(41** 

## HOUSE RESOLUTION

URGING THE UNITED STATES INTERNAL REVENUE SERVICE TO RAISE THE DEPENDENT CARE FLEXIBLE SAVINGS ACCOUNT LIMITS TO REFLECT THE AVERAGE COST OF CHILD CARE IN EACH STATE.

WHEREAS, child care is one of the biggest expenses families 1 2 face; and 3 4 WHEREAS, the national average cost of child care is between \$9,000 and \$9,600 per year; and 5 6 7 WHEREAS, Hawaii is ranked twelfth out of fifty states and the District of Columbia for most expensive infant care with an 8 average annual cost of \$13,731 and child care for a 4-year-old 9 costs \$8,937 annually; and 10 11 WHEREAS, infant care in Hawaii costs \$4,022 (41.4%) more 12 per year than in-state tuition for a four-year public college 13 making Hawaii one of thirty-three states where infant care is 14 more expensive than college; and 15 16 WHEREAS, in Hawaii, infant care costs just 25.9% less than 17 average rent and infant care for one child takes up to 16.0% of 18 19 an average family's income in Hawaii; and 20 WHEREAS, according to the U.S. Department of Health and 21 Human Services, child care is affordable if it costs no more 22 23 than 7% of a family's income. By this standard, only 10.9% of 24 Hawaii families can afford infant care; and 25 26 WHEREAS, with a Flexible Spending Account one can save an average of 30 percent by using pre-tax dollars to pay for 27 eligible FSA expenses; and 28 29 WHEREAS, there are several types of Flexible Spending 30 Accounts, including the Dependent Care Flexible Spending Account 31



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of dependent children under the age of thirteen, or for a person 13 of any age whom one claims as a dependent on federal income tax 14 15 returns and who is mentally or physically incapable of caring for himself or herself; and 16 17 WHEREAS, examples of eligible services include the 18 placement or program fees for a dependent care provider, such as 19 20 an au pair, before and after-school care (other than tuition expenses), care of an incapacitated adult who lives with you at 21 least eight hours a day, childcare at a day camp, nursery 22 school, or by a private sitter, late pick-up fees, expenses for 23 a housekeeper whose duties include caring for an eligible 24 dependent, summer or holiday day camps, including registration 25 fees, activities in lieu of daycare when the fees associated 26

that is a pre-tax benefit account used to pay for eligible

dependent day care expenses. The money contributed to a

payroll taxes which results in more take-home pay; and

Dependent Care Flexible Spending Account is not subject to

dependent care services, such as preschool, summer day camp,

before or after school programs, and child or adult daycare; and

one can use pre-tax dollars to pay for qualified out-of-pocket

WHEREAS, one can use Dependent Care Flexible Spending

Account funds to pay eligible dependent care expenses for care

WHEREAS, with a Dependent Care Flexible Spending Account

with the activity are incidental to, or cannot be separated from, the cost of care (swimming lessons, arts and crafts, music

27 28 29 lessons, etc.); and 30 31 WHEREAS, under Internal Revenue Service rules, the maximum

amount that can be elected for a Dependent Care Flexible 32 Spending Account is limited to the lesser of \$5,000 for single 33 individuals or married couples filing joint returns and \$2,500 34 for married couples filing separate returns; now, therefore, 35 36

BE IT RESOLVED by the House of Representatives of the 37 38 Thirtieth Legislature of the State of Hawaii, Regular Session of 39 2020, that the commissioner of the United States Internal 40 Revenue Service is urged to raise the limit on Dependent Care

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Flexible Savings Accounts to \$10,000 per child to reflect the 1 average cost of child care in the United States; and 2 3 BE IT FURTHER RESOLVED that certified copies of this 4 5 Resolution be transmitted to the Commissioner of the United States Internal Revenue Service, The President of the United 6 States Senate, the Speaker of the United States House, the 7 8 Hawaii members of the United States Congress, the Governor of Hawai'i, the President of the Economic Policy Institute, the 9 Director of Parents and Children together of Hawai'i, and the 10 11 Director of the Tax Foundation of Hawai'i. 12 13 14 OFFERED BY: MAR - 6 2020

